

Lending Landscape

Detailed Market Segmentation of the
Lending Sector

Summer 2022



Table of Contents

I.	Executive Summary	03
II.	Evolve Overview	06
III.	Industry Landscape	10
IV.	Lending Market Map and Overview	17
	Core Lending Services	20
	Technology Providers	23
	Data Solutions & Service Providers	26
V.	In-Depth Sector Research	29
	FinTech / Automated Lenders	30
	Specialized / Niche Lenders	33
	Loan Management Software	36
	Legal & Compliance Software	39
	Credit Rating Agencies	42
	Consumer Collections	44
	Customer Services and IT Outsourcing	57
VI.	Appendix	50



Section I

Executive Summary



Foreword

Evolve's Lending Market Overview

Foreword

The economic environment as we head into the second half of 2022 is far from smooth sailing, with polled experts indicating a 33% chance of a recession within the next 12 to 18 months. The current market environment poses both opportunities and challenges for the lending industry, with the rising interest rates presenting an opportunity for subsectors such as technology and data providers who improve the accuracy of underwriting credit risks. At the same time, rising interest rates decelerate technology and innovation as 1) lenders remain cautious against extending loans and 2) supplies of credit facilities to investors are throttled, halting capital influx to technology companies.

Evolve understands that headwinds have different impacts on segments within the lending industry, and that turbulence brings opportunities to those who 1) can navigate the short-term market conditions 2) have a sound long-term vision, and 3) provide mission-critical / defensible solutions. To elaborate on this, we consolidated insider insights and opinions from our conversations with experts in the space and supplementary research into this industry deep dive report.

“How do the current economic headwinds affect each sector within lending? How do companies successfully navigate market turbulence and prevail?”

As the initial market “panic” settles, we are optimistic about the lending sector’s resilience, demonstrated through the below observations:

Proven technologies that significantly improve originations, loan servicing, and collections continue to receive strong reception as market-driven pressure on revenue incentivizes lenders to improve efficiency and reduce costs.

Representative companies:



Non-bank lenders, with creative and tech-enabled risk models, continue to gain market share by extending credits to conventionally unqualified borrowers. *Representative companies:*



After two years of elevated consumer loan payments, supported by government impact payments, delinquency starts to rise as unemployment and living costs rise; debt collection agencies are positioned to benefit from the increased volume.

Representative companies:



Commercial lending, especially within the specialty space, will continue to thrive (more in the report).

Representative companies:



Our Motivations

- The 2008 – 2009 financial crisis reshaped the lending industry with the emergence of disruptive technologies (think: Funding Circle, Upstart, Lending Club) that sparked a healthy competition between the large incumbents and the FinTechs. As both sides attempted to gain market share through continued innovation, the industry became more resilient to macroeconomic headwinds. As we face economic pressures in 2022, the industry is better prepared to navigate the turbulence due to digitized and automated processes, RegTech, and evolving risk models, among others
- While economic instability and downturn can impact the lending sector unfavorably, the credit market may be a helpful way to help navigate through contractionary periods. For example, Discover studied performance of consumer accounts booked in the first half of 2008 and would have still booked ~90% of them based off their profitability
- The current environment is a necessary stress test for lenders, technology vendors, and service providers with leading value proposition to stand out. We hope you are excited about what we discover, as much as we do
- For us to serve our clients better, we strive to constantly update our understanding of our focus priority areas. This report is part of our research coverage of the insurance, capital markets and lending verticals, which includes our monthly and quarterly newsletters, and executive research notes
- The information here may help you and your firm better understand your place in the lending ecosystem and give a stronger idea of how to determine value, especially during this period of market turbulence. We also highlight current trends with each sub-sector, which will inform or reinforce your current thoughts
- For entrepreneurs or those who run sponsor-backed firms, this report will help you consider different liquidity options you can pursue (such as a sale vs. a raise)
- The report is comprehensive in identifying the sub-sectors, but the space is large and certain areas might not be thoroughly covered

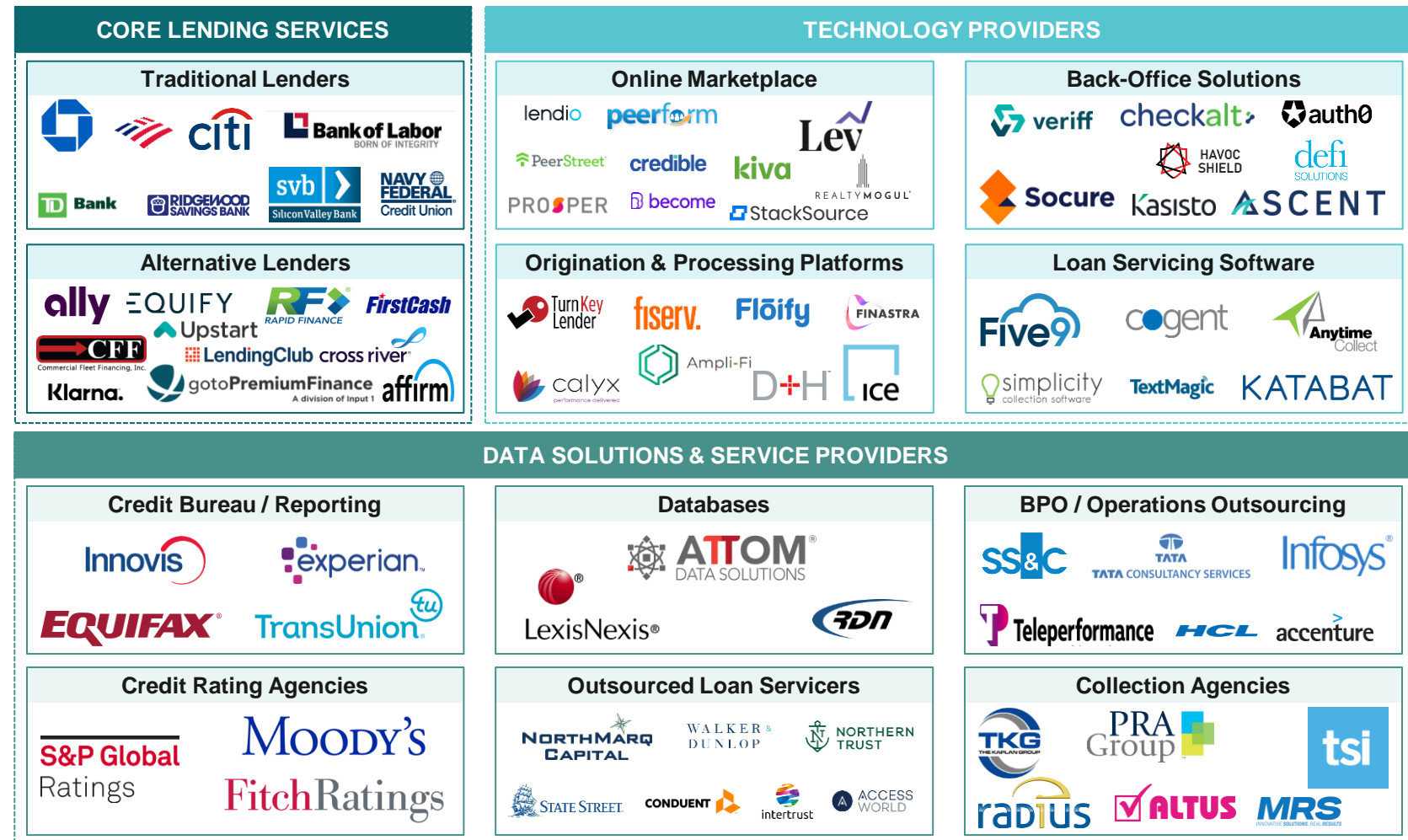
- Evolve Capital Research Team

Evolve Lending Industry Summary Map

Evolve's Perspective: Dynamics of the Lending Ecosystem

Key Lending Sub-sectors

- Core Lending Services:** These are typically balance sheet heavy companies who primarily generate revenue by earning interest on loans. They serve either consumers, institutions, or both. Examples include banks, credit unions, and niche lenders
- Technology Providers:** These are typically technology companies whose clients could include both the borrowers as well as the loan providers. These companies provide software solutions to improve the lending experience. Examples include online peer-to-peer lending marketplaces, loan management software, and identity verification systems
- Data Solutions & Service Providers:** These are companies that usually serve lenders by providing data solutions and other outsourcing tasks such as customer service, IT solutions or debt collection



Section II

Evolve Overview



Evolve Capital Partners Overview

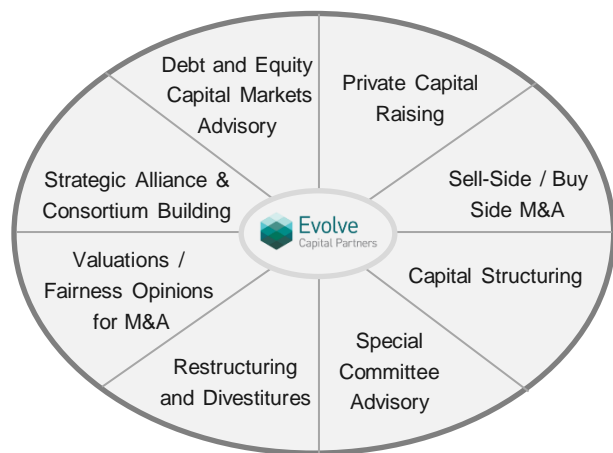
We Focus Exclusively On Finance & Technology-Related Firms

About Evolve

- Evolve Capital Partners is a specialized investment bank focused on tech-enabled service & software firms in the lending, insurance, and capital markets sectors
- The Evolve brand was established in 2017 and we are based in New York, NY. Our location provides access to numerous strategic and financial partners who participate in and shape the financial services sector
- Since inception, we have completed dozens of transactions and professionals of the firm have advised on over \$16B of M&A and financing transactions



Our Advisory Products



**In-Depth Industry
Research Reports**

Quarterly Market Analysis

**M&A / Financing
Transaction Profiles**

Advisory Services

- We are a dedicated, creative, and fully independent investment bank that advises private and public companies on merger, divestiture and acquisition transactions, and capital raising through private placements
- We produce industry-leading research on transaction trends across the finance & technology sector
- Few investment banks have transaction experience across both corporate and asset finance



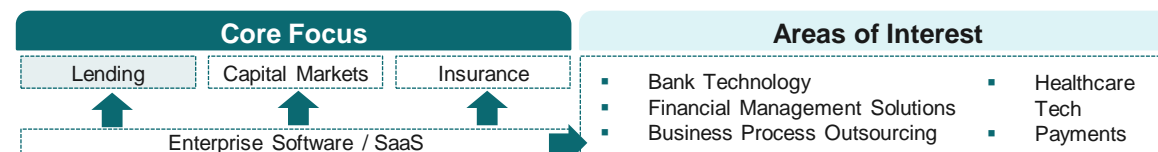
Our Clients

- Corporations
- Management Teams
- Venture Capital & Private Equity Funds
- Independent Directors / Boards



Industry Focus

- We are exclusively focused on Finance & Technology firms



Evolve Focus Areas

We Focus Exclusively On Finance & Technology-Related Firms

Evolve Core Focus



Areas of Interest



Research-Focused Team

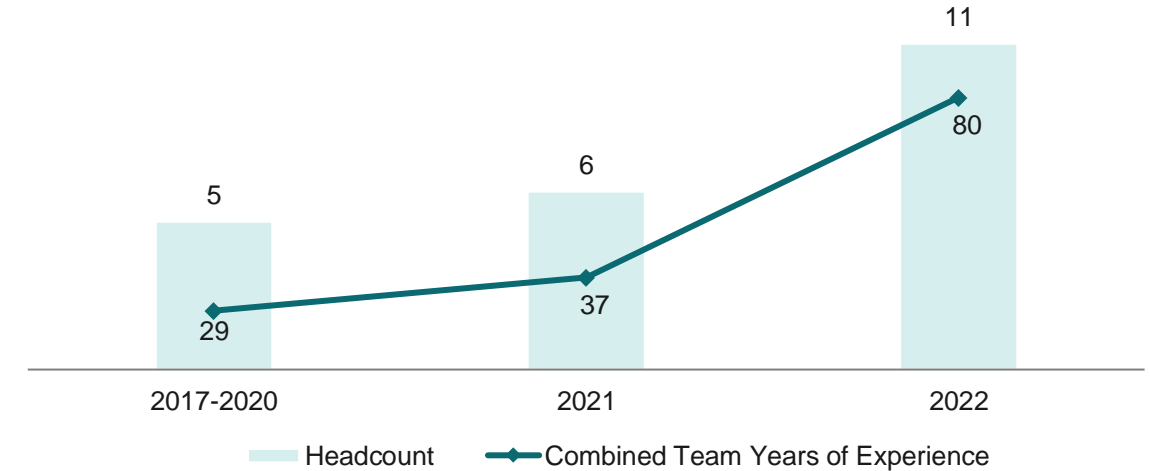
Expanding Team and Presence Merging Technology & Finance

Research and Publications

- Focused exclusively on transactions and trends in the business service & software sectors
- Produce detailed monthly and quarterly research publications with a distribution base of over 6,000.



Team Growth Indicative of Growing Mandate Base



Team Brings Experience from Highly Reputable Banking Institutions



We have built a dedicated and emerging “high-touch” investment bank focused exclusively on technology and financial services firms. Our team is extremely nimble and highly connected with deep reach into strategic and financial investors globally. Our team is comprised of bankers with deep experience at bulge brackets, private equity funds and strategic companies in the space.

Section III

Industry Landscape



U.S. Lending Industry Highlights

Key Trends and Statistics

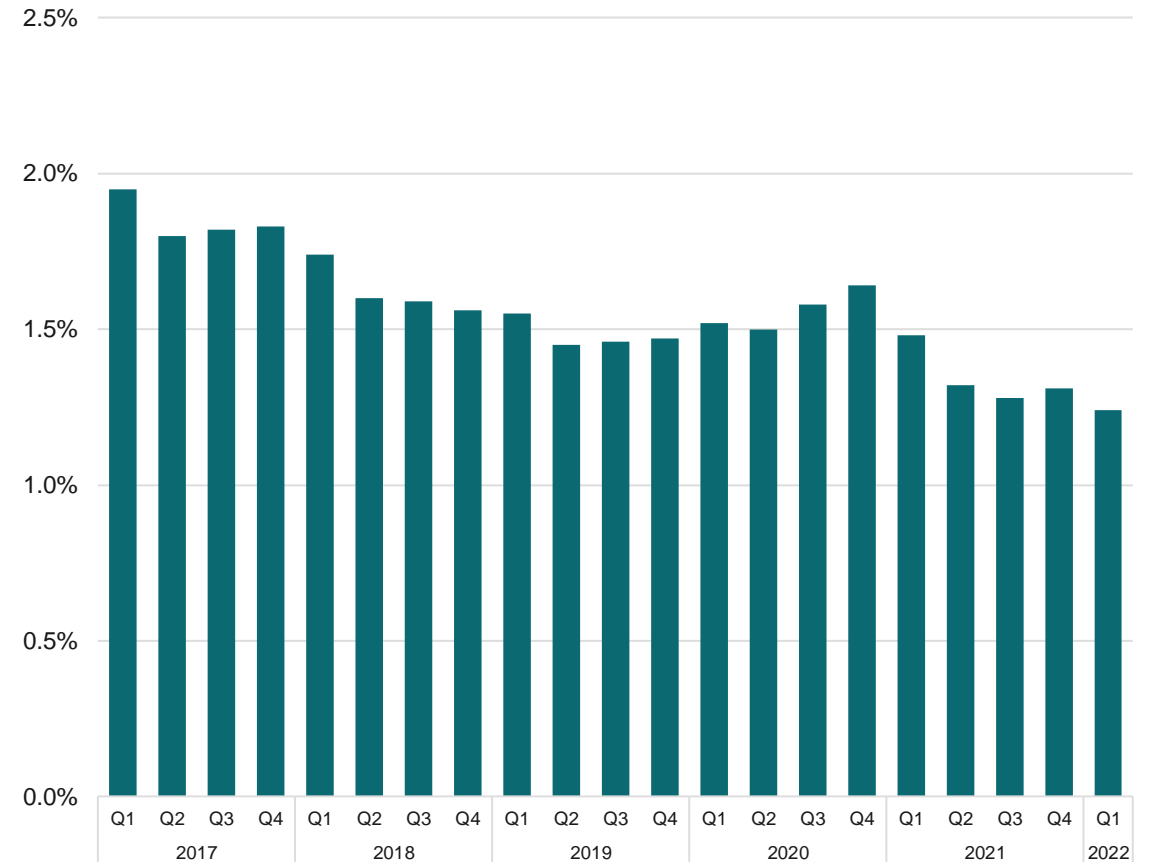
Market Trends

Lending is an established and large market, with market size estimated to be in excess of \$9 trillion and growing at 13.1% CAGR to reach \$29 trillion by 2030, driven by high demand for consumer and commercial credit, and low delinquency rates. Typical of a mature industry, lending is dominated by large incumbents, who are facing competitive pressures due to the swift emergence of digital lenders. Digitization is driving the industry's transformation, underlying numerous development themes, as outlined below:

- **Non-bank lenders are increasing market share.**
 - 4 of the top 5 lenders by origination volume were non-bank lenders in 2021
 - Non-bank lenders are targeting high-risk customers who are typically underserved by banks
- **Rising loan demand**
 - Refinancing is negatively impacted by the rising interest rates. However, real estate demand remains strong, especially in the commercial real estate sector as rising rents offset the rising interest costs due to higher interest rates
 - High inflation rates and expiration of forbearance programs will increase demand for personal loans, especially as lenders are more open to servicing subprime lenders
- **Lenders are servicing subprime borrowers.**
 - With consumers using stimulus payments to pay down debts, lenders were forced to expand into the subprime market to maintain revenue. However, the market is showing signs of reversing as high-inflation impairs spending power, hence impacting repayment capabilities and subsequently raising delinquency rates
 - A surge in non-traditional lenders has increased the availability of credit, and competition is forcing traditional lenders to raise their risk tolerance
- **Increasing partnerships between banks and digital lenders**
 - There is an unmet demand for small-dollar loans to SMEs (digital lenders' target market) which could accelerate partnerships between banks and digital lenders as digital lenders have the technology to accurately assess risk for SMEs, whereas banks have the national charters required to originate loans

Lower Delinquency Rates

Delinquency Rates on All Loans



M&A Transaction Activity

Elevated Capital Markets Activity Driven by Pent-up Demand

Market Activity Overview

- 2021 was an active year in the lending space in the U.S., with **153 transactions totaling \$142 billion**, far exceeding pre-pandemic levels
- The market is also seeing **larger transactions and higher valuations compared to pre-pandemic levels** – the mean deal size in 2021 and 2022 is more than 2x the mean 2019 deal size
- Capital markets activity started strong in 2022 as increased competition from disruptors is incentivizing larger companies to consolidate customer bases and technology to retain market share. While transaction activity has slowed, **median deal size is still higher than pre-pandemic levels**, suggesting that high quality companies are still commanding rich valuations as rising competition incentivizes companies to pay higher valuations for acquisitions

M&A Activity Drivers and Trends

Trend 1: Abundant Capital Availability

Financial sponsors are increasingly active in strategic transactions, and it is a common sight that disruptive players with strong financial backing successfully execute the buy-and-build strategy

Trend 2: Demand for Technology Disruptors

Large banks are looking to improve their loan application experience and loan processing times to compete with digital lenders, which will further boost M&A activity

Trend 3: Cybersecurity Gains Importance

The increased shift to digital lending has come with increased data privacy and hacking risks, with the average cost of a data breach rising from \$3.86 million in 2020 to \$4.24 million in 2021

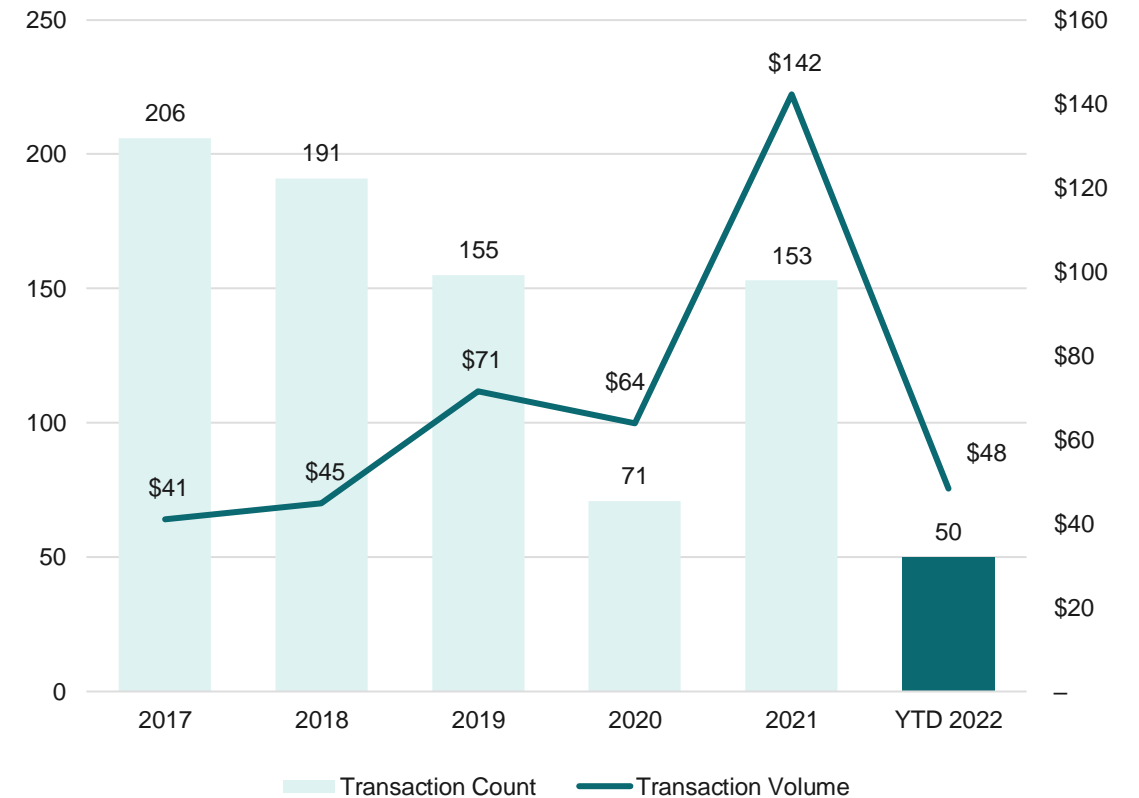
Trend 4: Boom in POS financing activity

2021 saw a lot of POS financing firms being M&A targets, and the growth of POS financing is only going to accelerate this as more firms in the lending space aim to gain exposure to the POS financing space

U.S. Lending M&A Transaction Stats (2017 – June 2022)

Transaction Count

Transaction Volume (USD, in Billions)



Financing Transaction Activity

Valuations Reaching New Highs with Abundance of Capital

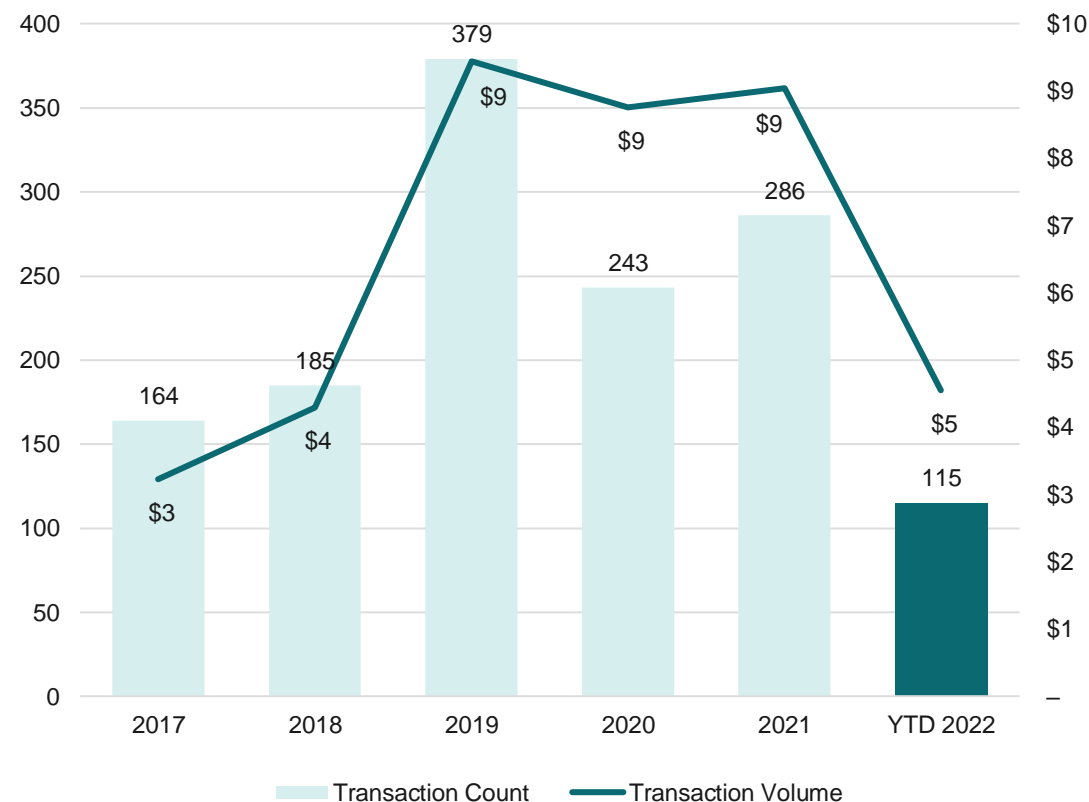
Market Activity Overview

- As interest rates rise, financing activity has slowed, but **median capital raised is still higher in 2022 compared to 2021**.
 - VC and growth equity funds still have a lot of dry powder they need to deploy, and the current market environment will garner **increased interest in quality companies with a defined go-to-market strategy and a clear path to profitability**
- Like M&A activity, 2021 was an active year for capital raises, with 286 capital raises in the U.S. in the lending space, raising a total of \$9 billion. **These statistics bypass pre-pandemic levels to reach historic highs**
 - Apart from elevated demand and capital inflows, increased market activity was driven by companies capitalizing on investor optimism and raising capital more frequently at attractive valuations
 - 17 companies raised capital at \$1 billion+ valuation in 2021 compared to six in 2020 and eight in 2019
- Average transaction size grew exponentially**, with the average financing activity raising ~\$40 million in 2022, compared to ~\$32 million in 2021 and ~\$25 million in 2019
 - This is indicative of the aggressive growth strategies that companies are adopting to gain market share, which require much more capital
- Digital lenders and technology providers, who are disrupting the market, are particularly attractive to the investors** – all but one of the unicorn capital raises in 2021 were digital lenders or technology providers

U.S. Lending Financing Transaction Stats (2017 – June 2022)

Transaction Count

Transaction Volume (USD, in Billions)



Lackluster Public Performances for Lending Companies

IPOs and SPACs Slow after Elevated Public Debuts

Mortgage Companies Underperforming the Market

- In a low-interest rate environment, **mortgage companies were processing record loan origination volumes**, and many chose to leverage the momentum to go public
 - In September 2020, UWM Holdings announced the largest ever SPAC transaction, going to the public markets with a valuation exceeding \$16 billion
- This momentum continued in 2021** with technology providers, as companies such as MeridianLink and Blend Labs – which provide software that automates mortgage applications – went public at significant premiums
 - MeridianLink priced its IPO at 9.5x LTM revenue, while Blend Labs received a 35.2x LTM revenue multiple for its IPO
- However, since then, **lending companies and technology providers have plateaued**, in line with the broader trend amongst tech firms, and unprofitable firms have been hit hardest – partly since increased interest rates reduce the value of future earnings, and partly since the current macroeconomic environment has led to a flight to quality, i.e., companies with a clear path to profitability

Case Studies



IPO Valuation: \$11.9 Billion



Company Details

- Affirm is a POS financing firm that went public on Jan 13, 2021, at a valuation of \$11.89 billion
- The IPO was offered at \$49.00, but the stock closed at \$97.24, a 98% increase
- The stock has been volatile since, hitting a high of \$176.65 in early November 2021, but it has since lost over 85%¹ of its value, and it is currently down over 75% YTD¹, compared to a 18% YTD¹ decline in the S&P500
- Affirm's volatile debut and mixed performance highlights investor uncertainty in the lending space, especially with respect to unprofitable digital lenders



SPAC Valuation: \$16.1 Billion











Company Details

- United Wholesale Mortgage is one of the largest wholesale lenders in the U.S.
- UWM announced a SPAC deal valuing the company at \$16.1 billion on September 23, 2020, and the deal closed on Jan 21, 2021.
- However, since its debut, the stock has lost over 60%¹ of its value, and it is currently down over 40% YTD¹, compared to a 18% YTD¹ decline in the S&P500
- Other mortgage originators like Rocket have seen similar performances, reiterating that the market is discounting mortgage companies as interest rates rise

Select Lending IPOs

Transaction Highlights









(in millions, except per share data)

Listing Date	Company	Sub-Sector	Description	Listing Price	Shares Offered	Amount Raised	Market Value at Listing Price	LTM P / S	LTM P / E	% Stock Price Change ⁽¹⁾
7/28/21	 (NYSE: MLNK)	Financial Software	MeridianLink provides cloud-based software solutions which enable financial institutions to streamline loan origination workflow.	\$26.00	13.2	\$343.2	\$2,139	9.5x	NMF	(29.3%)
7/16/21	 (NYSE: BLND)	Financial Software	Blend Labs is a cloud-based platform. It supports and simplifies applications for mortgages, consumer loans, and deposit accounts.	\$18.00	20.0	\$360.0	\$3,953	35.2x	NMF	(88.0%)
7/14/21	 (LSE: LINV)	Alternative Lenders	LendInvest is a platform for property finance, offering short-term, development and buy-to-let mortgages to intermediaries, landlords, and developers in the UK.	\$2.22	21.5	\$47.8	\$306	3.5x	52.2x	(24.1%)
5/4/21	 (NAS: FSBC)	Regional Banks	Five Star Bancorp is a state-chartered bank. It provides a broad range of banking products and services in Northern California.	\$20.00	5.3	\$105.3	\$325	4.5x	8.3x	59.2%
2/11/21	 (NYSE: LDI)	Mortgage Finance	loanDepot engages in the origination and servicing of conventional and government mortgage loans in the United States.	\$14.00	3.9	\$53.9	\$4,133	0.9x	2.1x	(95.0%)
1/29/21	 (NAS: HMPT)	Mortgage Finance	Home Point operates as a residential mortgage originator and service provider. It operates through two segments, Origination and Servicing.	\$13.00	7.3	\$94.3	\$1,805	1.2x	2.0x	(68.9%)
1/13/21	 (NAS: AFRM)	Consumer Finance	Affirm operates a platform for digital and mobile-first commerce. The company's platform includes PoS payment solutions for consumers.	\$49.00	24.6	\$1,205.4	\$11,890	17.8x	NMF	(80.3%)
12/16/20	 (NAS: UPST)	Financial Software	Upstart Holdings provides credit services. The company provides a proprietary, cloud-based, artificial intelligence lending platform.	\$20.00	12.0	\$240.3	\$1,450	6.6x	131.7x	(48.6%)

Key Lending De-SPAC Transactions

Transaction Highlights

(USD in millions)

Announce Date	Target Company	Description	Equity Value	LTM Revenue ⁽¹⁾	LTM Net Income ⁽²⁾	LTM P / S	LTM P / E	% Change Since Announce Date ⁽²⁾
9/15/21	 (NAS: PGY)	AI-driven credit and analysis technology that aims to drive greater access to credit	\$9,088	\$256	(\$33)	35.5x	NMF	69.3%
3/18/21	 (NYSE: OPAD)	Offerpad Solutions provides a way to buy and sell a home. It uses technology-enabled solutions to remake the home selling and buying experience.	\$3,003	\$1,064	(\$23)	2.8x	NMF	(79.8%)
2/12/21	 (NYSE: ML)	MoneyLion Inc is a mobile banking and financial membership platform that empowers people to take control of their finances. It is a full-service digital platform to deliver mobile banking, lending, and investment solutions.	\$2,900	\$77	(\$50)	37.7x	NMF	(88.0%)
1/25/21	 (NYSE: SUNL)	Sunlight Financial Holdings Inc is a technology-enabled point-of-sale finance company.	\$1,349	\$70	\$11	19.3x	127.0x	(75.9%)
2/10/21	 (NYSE: OPFI)	OppFi Inc. operates a financial technology platform that allows banks to offer lending products.	\$803	\$188	\$78	4.3x	10.4x	(73.9%)
1/7/21	 (NAS: SOFI)	SoFi is a financial services company that offers personal loans, credit cards, mortgages, investment accounts, banking services, and financial planning.	\$8,700	\$566	(\$224)	15.4x	NMF	(67.2%)
10/13/20	 (NYSE: FOA)	Finance of America Companies provides a diverse selection of lending products and services.	\$1,912	\$1,509	\$378	1.3x	5.1x	(83.5%)
9/23/20	 (NYSE: UWMC)	UWM Holdings Corp engages in the origination, sale and servicing of residential mortgage loans.	\$16,052	\$2,231	\$907	7.2x	17.7x	(66.4%)

Section IV



Lending Market Map

1. Core Lending Services
2. Technology Providers
3. Data Solutions & Service Providers



How Evolve Segments Our Lending Industry Coverage

Segmenting the Industry into Key Areas of Interest

Evolve Nomenclature



Region

Industry



City

Sub-Sector (or Sub-Industry)



Neighborhood

Product Type



Zip Code

Product

How to Navigate Our Market Map


- Each of the three sub-sectors (i.e. cities) is color coded and all underneath neighborhoods and zip codes are colored accordingly
- Each city has a detailed market map with summary market overview, followed by a detailed research into trends and capital markets activity
- In-depth research on neighborhoods of interest is displayed in the next chapter

Directory


Area

Location

Broad Sub-Sector Market Map & Overview

Core Lending Services 

Page 20

Technology Providers 

Page 23

Data Solution & Service Providers 

Page 26


Evolve Areas of Interest: Deep Sector Research

CORE LENDING SERVICES

> Alternative Lenders > FinTech / Automated Lenders  Page 30

> Alternative Lenders > Specialized / Niche Lenders  Page 33

TECHNOLOGY PROVIDERS

> Back Office Solutions > Fraud Prevention & Legal /Compliance  Page 36

> Loan Servicing Software > Loan Management Software  Page 39

DATA SOLUTION & SERVICE PROVIDERS

> Credit Rating Agencies  Page 42

> Collection Agencies > Consumer Collections  Page 44

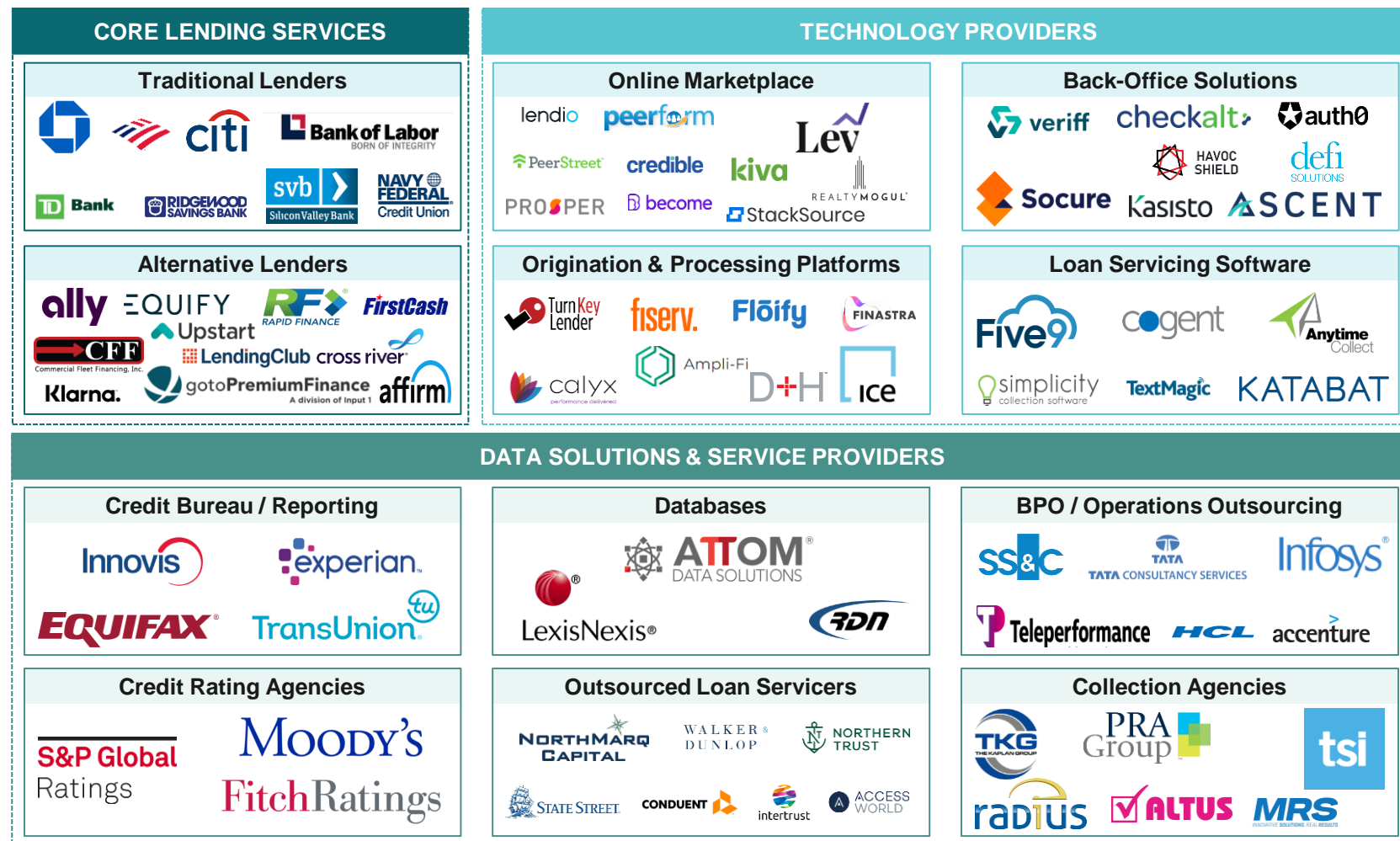
> BPO / Operations Outsourcing > IT Outsourcing  Page 47

Introducing the Lending Space

Segmenting the Industry into Key Areas of Interest

Segmenting the Lending Industry

- In today's world, **the lending industry extends far beyond the circle of traditional banks**. The services and technology that support these players are key components of the lending industry.
- The scope of the lending industry covers the firms that **touch the entire lifecycle of the loan** from origination, to servicing, to collections and can be summarized into three main components:
 - Core Lending Services:** These are typically balance sheet heavy companies who primarily generate revenue by earning interest on loans
 - Technology Providers:** They provide software solutions to improve the lending experience
 - Data Solution & Service Providers:** They provide data solutions and other outsourcing tasks
- Historically, technology and service providers have remained distinct and followed very different paths, but recently there has been some overlap. **The need for core lending services to go digital is forcing labor intensive services to be replaced by tech enabled services**
- The subsectors within technology providers and data solution providers contain a **variety of companies including those exclusively focused on the lending industry** to those serving a variety of other industries, in addition to the lending industry



Core Lending Services



Segment Overview & Detailed Market Map

Core Lending Services: Pandemic Paradigm Shift

- Increased consumer liquidity from forbearance programs, government stimulus, and savings from pandemic-era lifestyle changes has resulted in a temporary **increase in consumer spending and decreased delinquency**
- Available consumer credit is rising as **lenders aggressively pursue risk** by extending credit to nonprime & subprime borrowers through auto loans, credit cards, and personal loans
- Traditional lenders are falling behind FinTech peers** who leverage new technologies like AI-powered psychometrics for credit underwriting
- Consumer liquidity will fade as COVID-19 government assistance and forbearance programs end, but **increased consumer spending will continue to benefit businesses**
- The current economic environment of high inflation and interest rates is raising the profile of **niche spaces like collateralized loans and private debt originations**

CORE LENDING SERVICES

TRADITIONAL LENDERS

Commercial Banks



Credit Unions



Thrift Banks



ALTERNATIVE LENDERS

FinTech / Automated Lenders



Non-Automated Lenders



Specialized / Niche Lenders



Core Lending Services Market Overview

Industry Trends

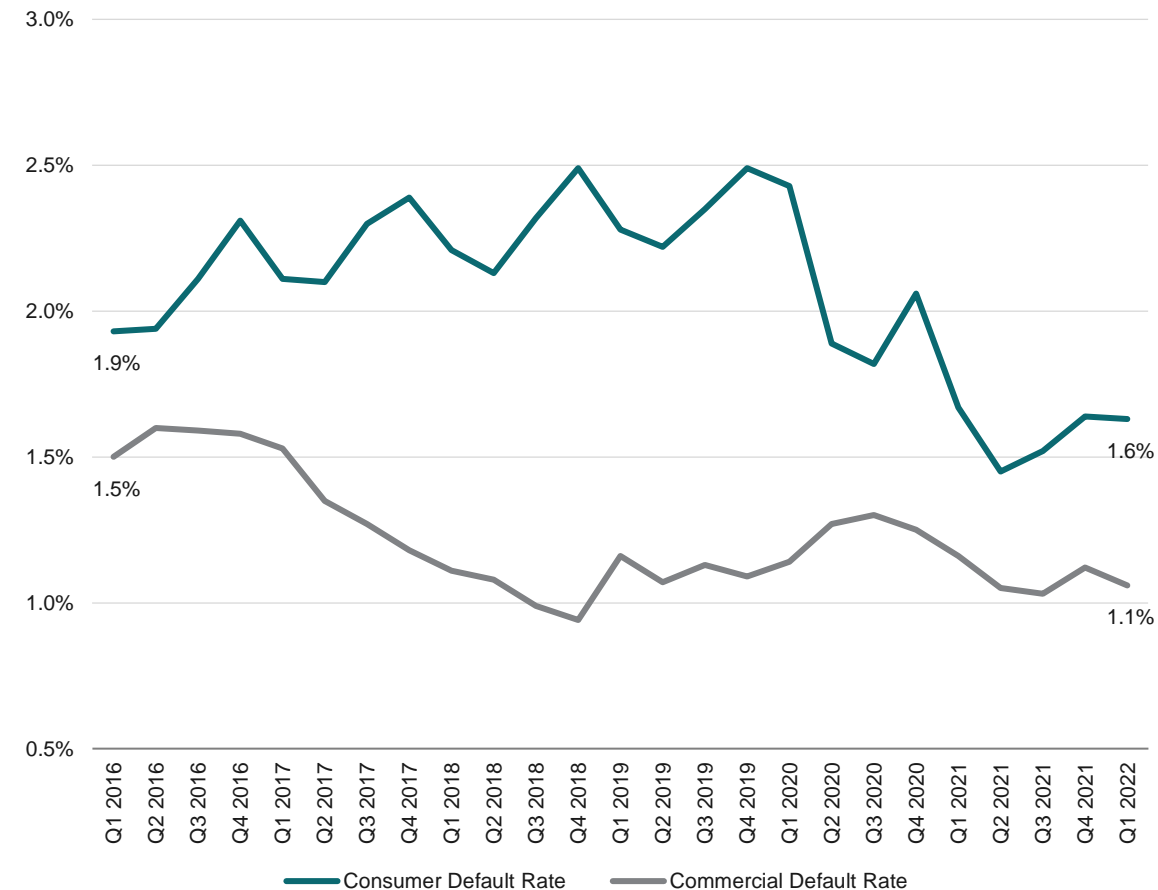
Background

- Core lending service providers have seen **consumer and business borrowing behaviors change** due to the COVID-19 pandemic
- Access to credit has broadly increased** as lenders have expanded their borrowing base to include nonprime consumers and businesses with low or unrated credit
- Nonbank lenders have increased in popularity** as their tech-enabled offerings provide borrowers with a quick, transparent and convenient experience which will likely continue as we enter an inflationary environment

Industry Trends

Trends	Consumer	Commercial
Increased Appetite for Risk	Consumers are in a better financial position due to the strong labor market, stimulus payments, and greater access to credit.	Expectations of strong consumer behavior are making it more attractive for businesses to lever up.
Importance of Technology	The pandemic accelerated existing trends of consumers preferring the ease of online banking.	Digital solutions reduce red tape and allow businesses to access loans quickly and conveniently
Alternative Credit Providers	Proliferation of direct lending from nonbanks and BNPL services are offering consumers new sources of credit.	Private credit is becoming increasingly popular due to its competitive rates and convenience

Default Rates Ticking Up



Core Lending Services Market Overview

Transaction Activity Overview

Key Recent M&A Transactions

(USD in millions)

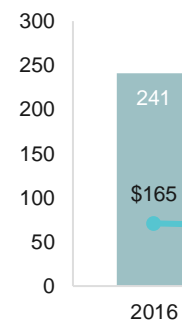
Announce Date	Target	Buyer	Target			
			Purchase Price	Revenue Multiple	P / E	P / BV
6/1/2022	 UB Bancorp	 First National Bank	\$118	3.2x	9.2x	1.3x
2/28/2022	 FIRST HORIZON NATIONAL CORPORATION	 TD	\$13,554	4.0x	14.1x	1.8x
12/20/2021	 BANK OF THE WEST	 BMO Harris Bank	\$16,300	6.1x	27.5x	1.2x
9/21/2021	 UnionBank	 usbank	\$7,971	1.4x	7.0x	1.1x
7/28/2021	 investorsBank	 Citizens Bank	\$3,716	4.4x	12.7x	1.2x
4/26/2021	 Flagstar Bank	 New York Community Bank	\$2,586	1.2x	4.0x	1.1x
4/19/2021	 STERLING BANCORP	 Webster Bank	\$5,131	4.5x	16.9x	1.1x
2/22/2021	 People's United Financial, Inc.	 M&T Bank	\$7,569	4.0x	36.8x	1.0x

Drivers of M&A Activity

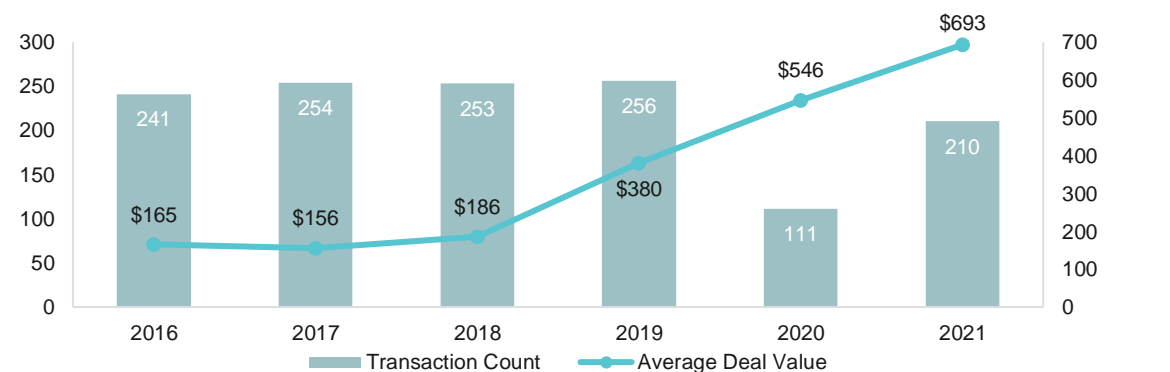
- Traditional lenders are acquiring other traditional lenders to take advantage of both revenue and cost synergies in an increasingly “overbanked” consumer market
- Credit unions are actively expanding capabilities to the lucrative SMB lending industry, a segment still underserved, through acquisitions of local and regional banks
- Retail and commercial banks seek to bolster their digital capabilities, especially in back and middle-office functions that support lending functions
- Strong interest in specialty finance bifurcated between strategic buyers pursuing M&A in B2B lending and trade finance, and financial buyers targeting SME lending, real estate finance, and peer-to-peer lending

Bank Deal Value Continue to Rise

Transaction Count



Average Deal Value (USD, in Millions)



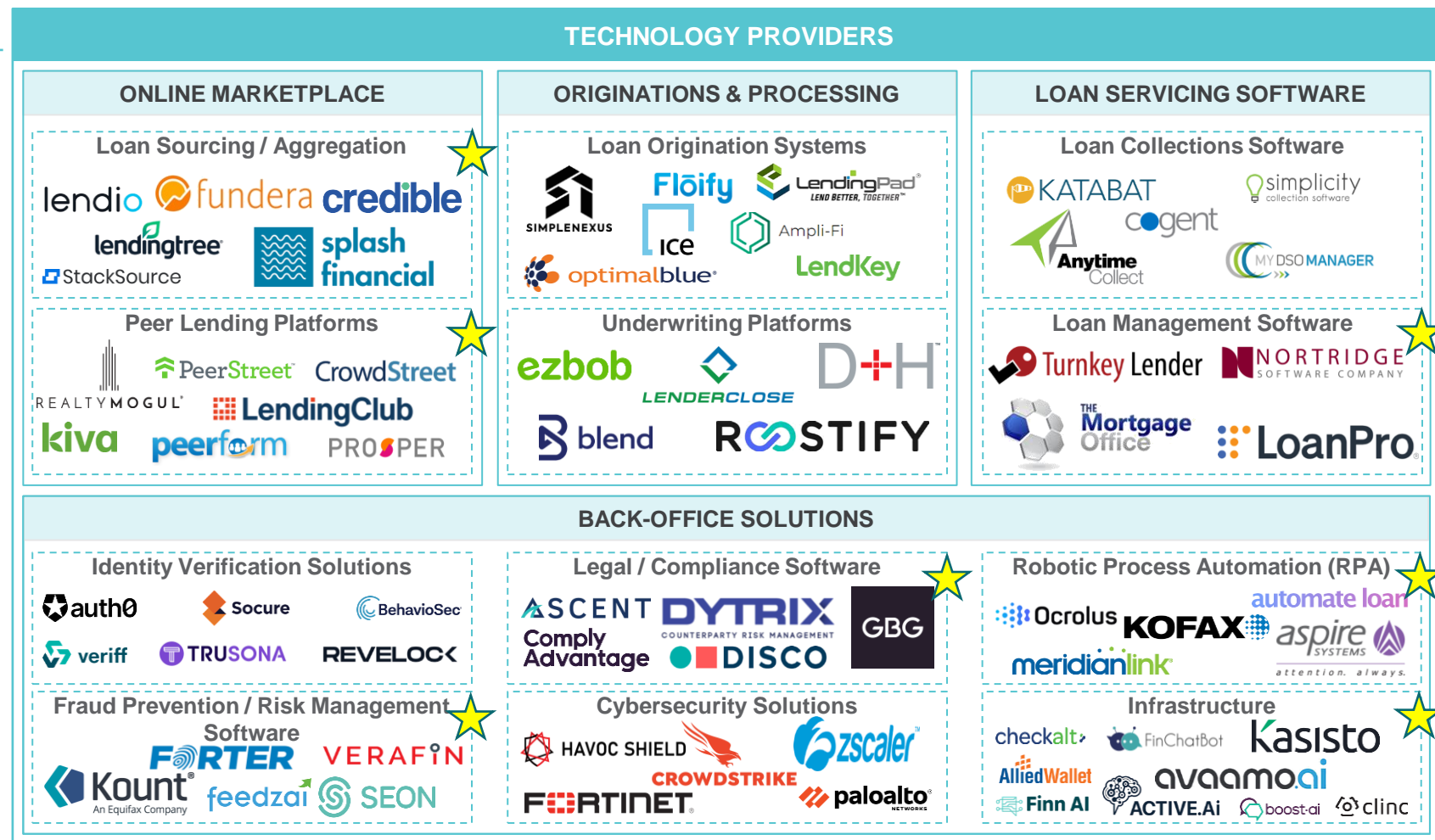
Technology Providers

★ = Evolve Area of Interest

Segment Overview & Detailed Market Map

Technology is Streamlining the Borrowing Process

- Technology providers have been able to drastically cut down inefficiencies in the origination process, **reducing funding time from months to days**
- Alternative credit scoring technologies have enabled lenders to serve **the 75% of businesses rejected by traditional lenders**
- Tech powered underwriting, ID verification, and fraud prevention has the potential to increase customers and reduce costs, hence **increasing revenue while reducing expenses**
- The needs of remote work caused by the pandemic accelerated the **optimization of manual and inefficient back-office processes** that were a bottleneck in the loan origination process
- The increased volume of loans originated through neo-banks has made **regulation more important and dynamic**, and regulatory technology firms will be key in helping lenders navigate this environment



Technology Providers Market Overview

Industry Trends

Background

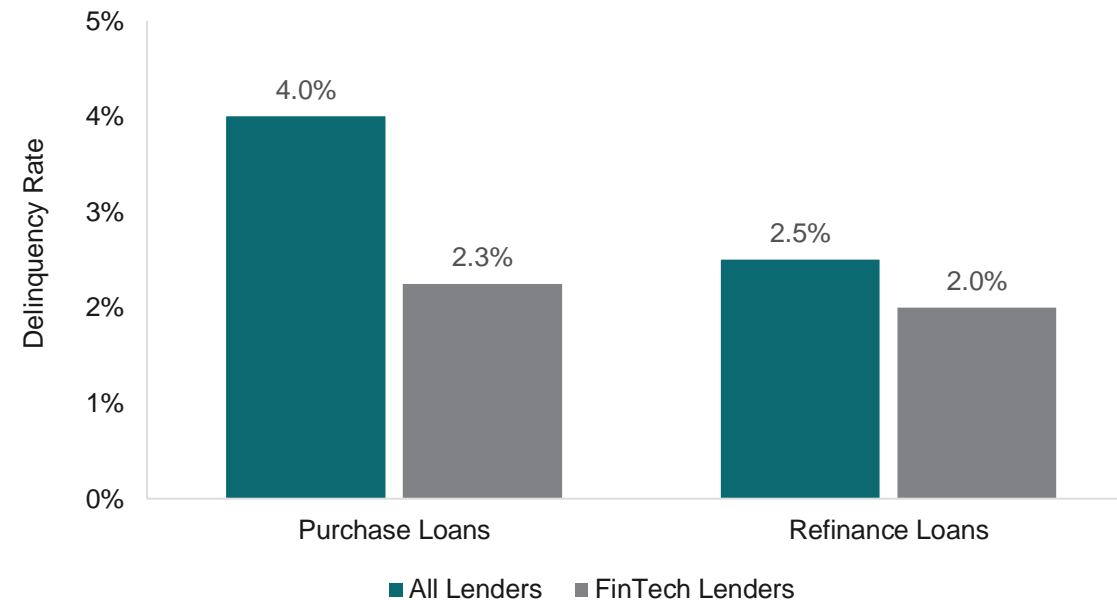
- Pandemic-era changes in business and consumer behavior have **heightened the importance of technology providers to the lending process**
- **Innovations in alternative credit scoring models and underwriting technology** have been a key component in tapping into traditionally underserved segments of the market
- Lenders are more receptive to incorporate technology into their process based on strong and positive customer feedback

Industry trends

Trends

Streamlined Origination Process	Funding times for some loans have plummeted from an average of 46 days in 2016 to one to three days for certain loans.
Risk Mitigation Innovations	Traditional credit scoring models resulted in nearly 3 in 4 SMEs being turned down for a loan from a traditional lender. Alternative risk models leverage nontraditional data to accurately underwrite more borrowers , hence allowing lenders to tap into this market
Increased Operational Efficiency	Many lending back-office functions were manual and were extremely vulnerable to human error. According to research from Deloitte, RPA solutions improved compliance, accuracy and productivity, while reducing costs by up to 65%

Delinquency Rates are Lower for FinTech Lenders













- Innovative credit underwriting technology used by FinTech-enabled lenders enables them to more accurately predict default risk
 - FinTech-enabled lenders yield nearly 50% fewer nonperforming new loans and perform better on refinanced loans as well
 - More accurate credit underwriting by technology providers has made core lenders more receptive to serving higher-risk customers

Technology Providers Market Overview

Transaction Activity Overview

Key Recent M&A Transactions

(USD, in millions)

Announce Date	Target	Buyer	Target				
			EV	Revenue	EBITDA	EV / Revenue	EV / EBITDA
2/15/22	 KRYON	 nintex	NA	NA	N/A	NA	NA
1/20/22	 Cognito	 PLAID	\$250	NA	N/A	NA	NA
12/17/21	 Bottomline Technologies	 THOMABRAVO	\$2,616	\$483	\$46	5.4x	56.9x
9/13/21	 MK DECISION	 Alkami	\$45	NA	NA	NA	NA
8/17/21	 Weav	 Brex	\$50	NA	NA	NA	NA
6/18/21	 SYKES	 sitel	\$2,327	\$1,757	\$260	1.3x	9.0x

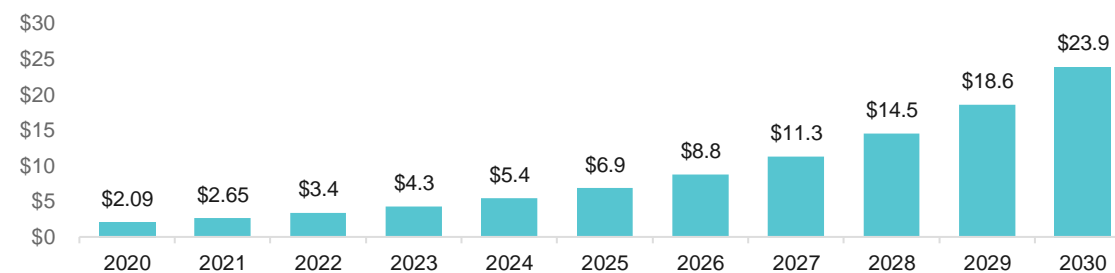
M&A Activity Drivers

- The pandemic accelerated a shift in customer preferences to a digital lending process, and as a result, **the need for robust technology infrastructure to serve clients efficiently grew**
- Increased competition from nonbank entrants has caused **traditional bank lenders to rely on M&A to quickly upgrade backend technologies** to make themselves more competitive with nimble newcomers
- Robotic Process Automation (RPA) technology firms have become attractive acquisition targets** as a tight labor market and increasing labor costs have incentivized automation

Global RPA Market Continues to Grow

USD, in Billions

Robotic Process Automation Market Size



- Enterprise-level RPA solutions are extremely complex to implement due to the need for customized solutions, incentivizing firms to strategically acquire firms in order to bring this capability in-house

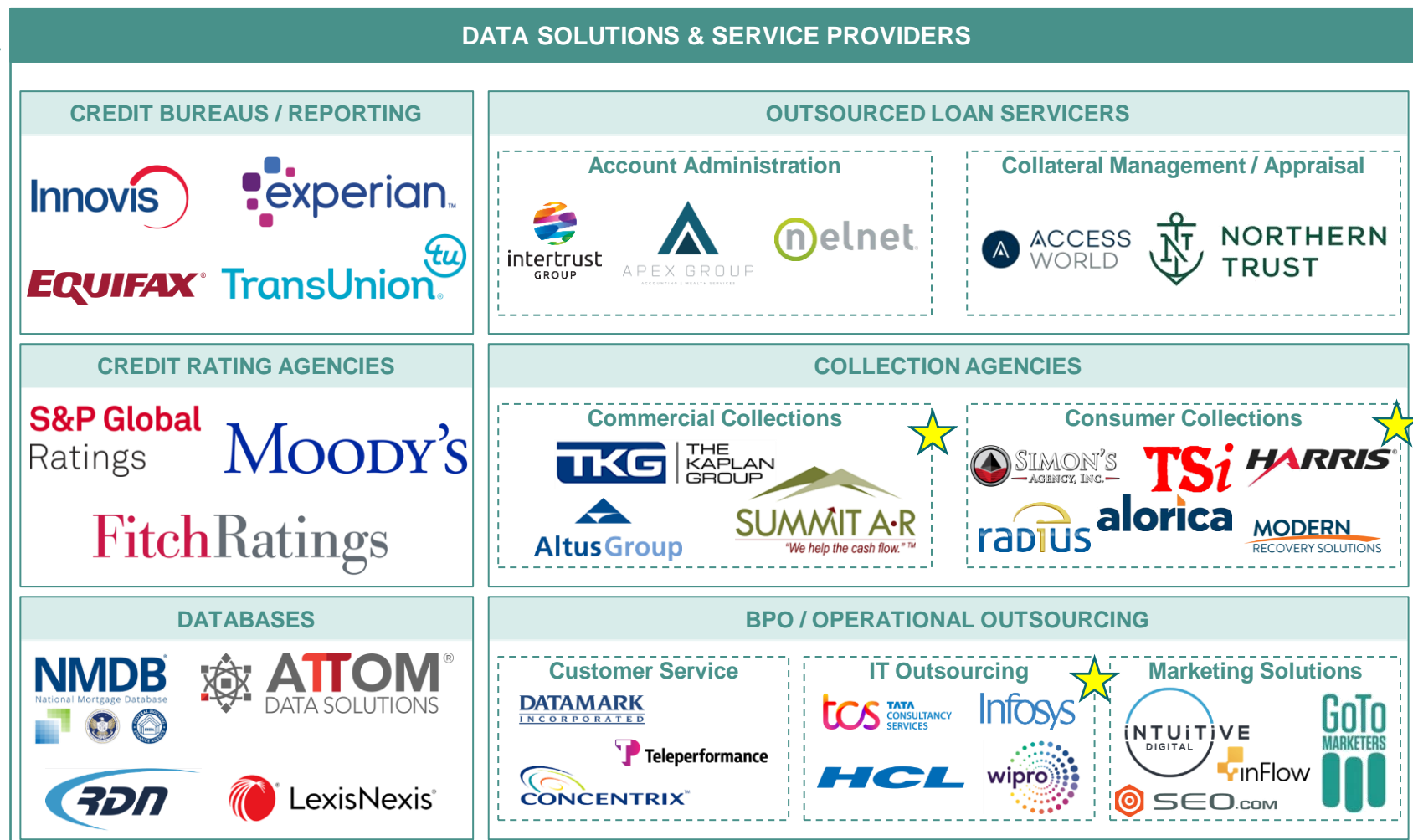
Data Solutions & Service Providers

★ = Evolve Area of Interest

Segment Overview & Detailed Market Map

Alternative Data is Redefining the Underwriting Process

- As the cyclical recovery in business and consumer credit continues, **strong demand for credit and an increased risk appetite will benefit data providers**
- As the global understanding of risk has evolved to account for ESG issues, credit rating agencies have invested in **creating proprietary data sets containing environmental data**
- The frequency and complexity of fraud has increased drastically in the last few years, propelling KYC & AML requirements to the forefront. **In 2021, consumers lost over \$6.8 billion to fraud, marking a 62% a year-over-year increase**
- Increasing volumes of increasingly complex lending structures has also benefited BPO firms
- Alternative risk models can **successfully underwrite more borrowers by incorporating nontraditional data points** like spending patterns for businesses with short operating histories or consumers with no credit history



Data Solutions & Service Providers Market Overview

Industry Trends

Background

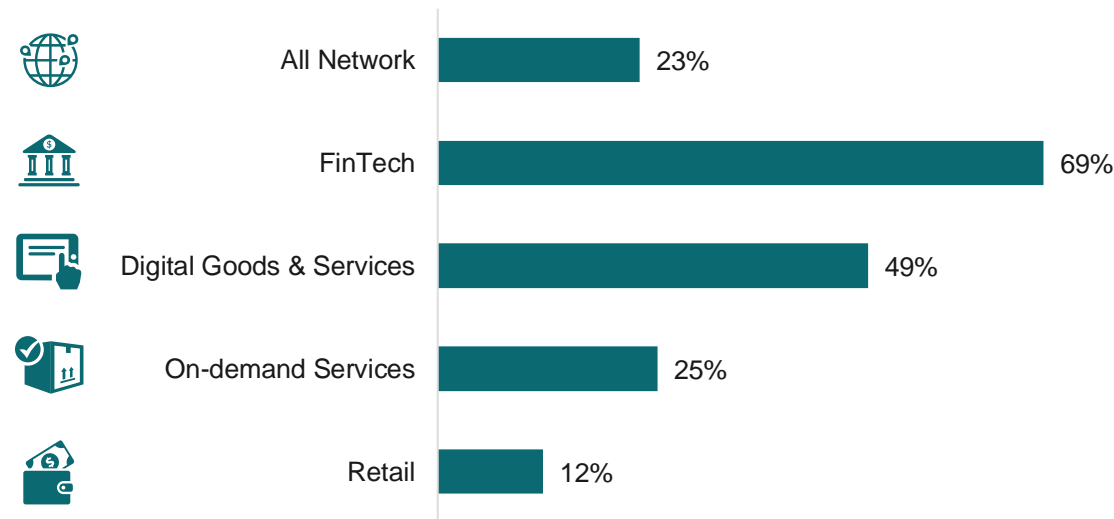
- **Data Solutions & Service Providers provide key information about borrowers** such as consumer and business profiles, credit history, and appraisals, which help power alternative risk models
- Firms providing data solutions are **leveraging their vast databases of business and consumer information, existing relationships, and niche expertise** to deliver cutting-edge products and services

Industry Trends

The New Risk Model	To broaden their borrowing base, lenders have implemented new risk models that allow them to accurately underwrite more borrowers – this has increased their reliance on data providers for inputs to their new AI & ML-based tools.
Combating Fraud	To address increasing levels of fraud, governments around the world are increasing the scope of KYC and AML regulations, creating a market that is expected to grow at 22% CAGR until 2027.
Driving Down Costs	An expanded borrowing base has increased lending volume, while the influx of alternative lenders has led to more complex loan structures. This has increased reliance on BPO providers to manage elevated volumes while cutting costs, thus enhancing lenders' profitability and competitiveness on the back of the services offered by BPO providers.

Higher Rates of Fraud in FinTech

Rising Payment Fraud by Industry 2020-2021



- While fraudulent activity has existed online for decades, there was a marked uptick in financial fraud that coincided with the beginning of the pandemic
- Increasing levels of fraud have attracted enhanced levels of government regulations expanding the importance of KYC and AML technology
- Data solutions firms house and provide the data products that core lenders and technology providers rely on to protect themselves and their clients from fraud

Data Solutions & Service Providers Market Overview

Transaction Activity Overview

Key Recent M&A Transactions

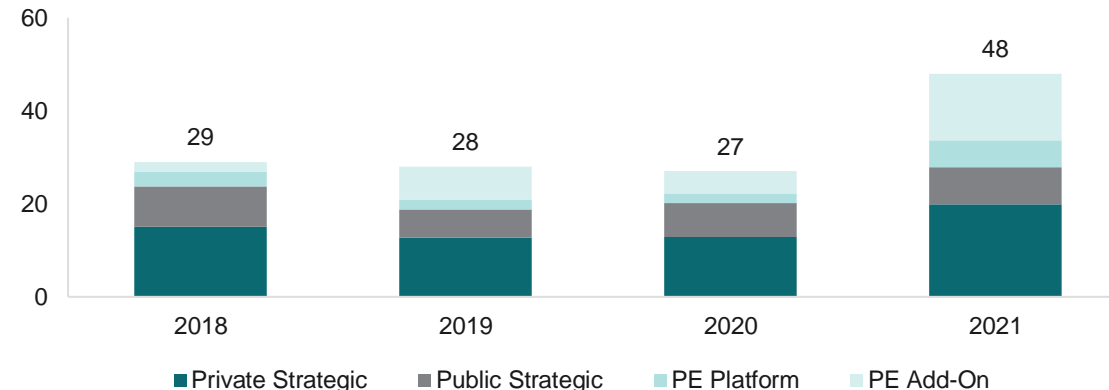
(USD, in millions)

Announce Date	Target	Buyer	Target				
			EV	Revenue	EBITDA	EV / Revenue	EV / EBITDA
06/21/22	 GEOQUANT	FitchRatings	NA	NA	NA	NA	NA
02/02/22	 GCR RATINGS	Moody's	NA	NA	NA	NA	NA
12/31/21	 KBRA	 PARthenon CAPITAL PARTNERS	\$900	NA	N/A	NA	N/A
12/30/21	 ARSI American Recovery Service Incorporated A Firstsource Company	 firstsource	\$53	\$73	NA	0.7x	NA
10/5/21	 CREDIT PLUS	 Universal CIS	\$210	NA	N/A	NA	N/A
7/1/21	 OXFORD	 H L G CAPITAL	\$525	\$324	\$11	1.6x	46.9x

Drivers of M&A

- Feeling the pressure of disruptors in the space, traditional credit bureaus are acquiring firms that will provide new lines of business to widen their moat and mitigate their exposure to changes in the credit cycle
- Rising rates and increased fraud complexity have put security measures like identity verification in the spotlight and service providers are leveraging M&A to incorporate these technologies into their offerings
- While traditionally a fragmented market, a trend toward consolidation in the BPO industry emerged in mid-2021, putting pressure on companies to either acquire or be acquired

BPO & Contact Center M&A Activity Sets Record Volume



Section V

In-Depth Sector Research



Market Overview

Core Lenders > Alternative Lenders > FinTech / Automated Lenders

FinTech / Automated Lenders Market Activity

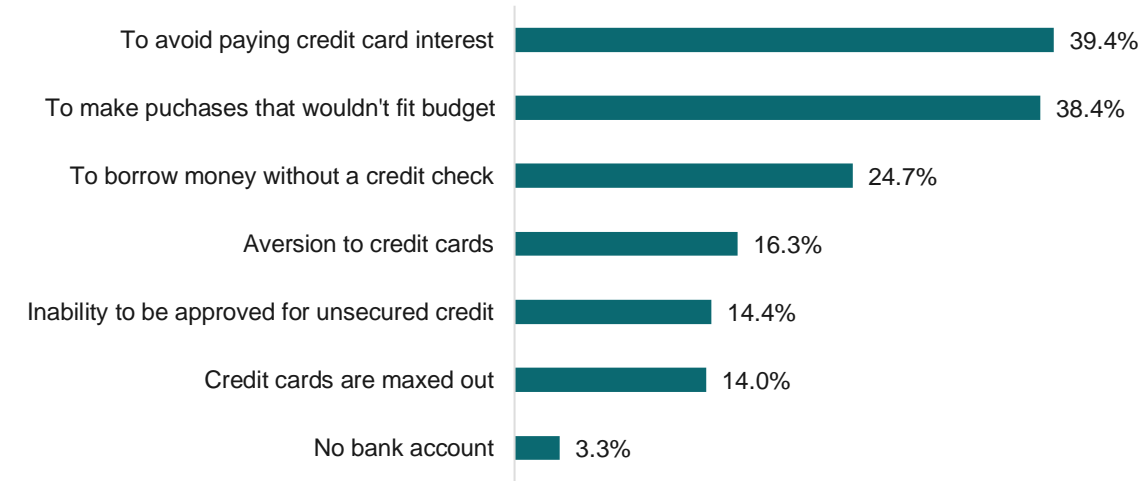
- FinTech lenders are expanding to serve the “underbanked” segment of the market
- Alternative risk scoring models allow **lenders to accurately underwrite subprime & thin-file businesses and consumers**
- As digital-first firms, FinTech lenders benefited as business moved online due to the pandemic
- Revenue for many brick & mortar businesses dried up overnight in March 2020 and **FinTech lenders’ quick processing times was a lifeline for many SMEs**, and this helped FinTechs grow their customer base rapidly

Market Trends

Speed	FinTech lenders can fund loans in days rather than weeks, giving them a competitive edge over traditional lenders
Strong Borrowers Fueling a Competitive Consumer Lending Market	Pandemic relief programs have increased consumer liquidity and decreased leverage creating a surplus of qualified buyers , forcing lenders to compete for customers. As lenders fight for borrowers, risk appetites have naturally increased
Competition	As the low-barrier BNPL industry begins to mature, competition from new entrants is squeezing margins . This contrasts with more regulated industries like neo banks
Rising Rates Looming	Rising rates harm FinTechs as they are hurt by declining origination volumes

Diverse Group of Customers use Buy Now, Pay Later Services

Consumer reasons for choosing POS financing services



- Consumers report multiple reasons for favoring POS financing, highlighting the diversified nature of the market and emphasizing that POS financing appeals to customers outside the underbanked



Capital Markets & Transaction Activity

Core Lenders > Alternative Lenders > FinTech / Automated Lenders

Capital Markets Overview

- POS financing and installment lenders have felt the competitive pressure, looking at **M&A to forge partnerships and add features to strengthen their market positioning**, especially as traditional players look to enter the space. For instance, Goldman Sachs recently entered the space with their acquisition of GreenSky in 2021 at a 76.2x LTM P/E multiple
- As competition has slowly commodified the neo-bank experience for customers, companies in the sector are **looking at acquisitions to implement new features and improve the end customer experience**
- FinTech lenders without a national bank charter **must partner and share revenue with a licensed institution to originate loans**. Since attaining a bank charter is extremely time and resource intensive, FinTech lenders prefer to **acquire chartered banks to speed up the process and cut costs**

Prolific FinTech Private Equity Investors

Financial Groups

 SoftBank



Key Portfolio Companies











 better



Key Transactions






Key M&A Transactions

(USD, in Millions)

Announce Date	Target	Acquiror	EV	Revenue Multiple	EBITDA Multiple
9/15/21			\$2,637	5.0x	24.8x
8/1/21			\$27,439	44.7x	NA
6/25/21			NA	NA	NA
3/9/21			\$22	NA	NA
2/18/20			\$188	NA	NA

Key Financing Transactions

(USD, in Millions)

Announce Date	Company	Key Investors	Valuation	Revenue Multiple	EBITDA Multiple
3/10/22			\$225	N/A	N/A
12/9/21			N/A	N/A	N/A
11/30/21			\$1,500	N/A	N/A



Select Transaction Profiles

Core Lenders > Alternative Lenders > FinTech / Automated Lenders

Date: 1/31/22

Buyer:



Target:



PE Multiple: N/A

Square's acquisition of Afterpay intends to enable sellers of all sizes to offer 'buy now, pay later' (BNPL) at checkout, give Afterpay consumers the ability to manage their installment payments directly through Cash App, and give Cash App customers the ability to discover sellers and BNPL offers directly within the app.

Date: 9/15/21

Buyer:



Target:



PE Multiple: 31.1x

The Goldman Sachs Group, Inc. and GreenSky, Inc. entered into a definitive agreement pursuant to which Goldman Sachs will acquire GreenSky, the largest FinTech platform for home improvement consumer loan originations, in an all-stock transaction valued at approximately \$2.24 billion.

Date: 6/25/21

Buyer:



Target:



PE Multiple: N/A

Walker & Dunlop, Inc. announced that it acquired TapCap, a technology firm with proprietary web-based software that provides real-time, online quotes for commercial real estate debt to streamline the loan application and origination process. TapCap's technology removes friction from the borrower experience and will help accelerate growth across Walker & Dunlop's lending businesses.

Date: 2/18/20

Buyer:



Target:



PE Multiple: 34.9x

LendingClub completed its acquisition of Radius Bancorp, Inc. and its digital bank subsidiary, Radius Bank ("Radius"). This \$185 million acquisition made LendingClub the first FinTech to acquire a regulated bank.



Market Overview

Core Lenders > Alternative Lenders > Specialized / Niche Lenders

Pawn Lenders



(1.4%) CAGR
during bull
market

- **Growth Drivers:**
 - Growing consumer debt levels, rising interest rates, inflation, potential economic slowdown
- **Headwinds:**
 - Strong consumer sentiment
- **Market Commentary:**
 - Pawn businesses are exploring new business verticals as they feel pressure from increased consumer liquidity. FirstCash, an operator of pawn businesses in the US and Latin America acquired American First Finance to expand into the e-commerce and POS financing verticals

Equipment Finance



80% of
businesses
finance
equipment

- **Growth Drivers:**
 - Strong equipment spending forecast, inflation
- **Headwinds:**
 - Production bottlenecks, supply chain disruptions
- **Market Commentary**
 - The Equipment Leasing and Finance Association advises that the industry is extremely sensitive to the macro effects of the Covid-19 pandemic. Unable to keep up with rising demand for equipment, Crest Capital, an equipment finance company, was forced to acquire used inventory at prices near or above that of new equipment, and an extension of this trend could hurt profitability

Payday Lenders



Over 7 million
Americans do not
have a checking
account

- **Growth Drivers:**
 - End of pandemic relief programs
- **Headwinds:**
 - Regulation, external competition, low unemployment
- **Market Commentary:**
 - The payday lending industry is antiquated, extremely fragmented, and subjected to varying state regulations as well as federal and/or tribal regulations in addition to its markedly poor reputation. Additionally, its TAM is decreasing as the unbanked/underbanked are increasingly being served by FinTech lenders. Short-term credit will become a feature, not a stand-alone industry

Each vertical within specialized/niche lenders has its own specific market dynamics, but pawn lenders, equipment finance businesses, and payday lenders have been broken out to highlight industry specific data. While each is unique, they share one strong commonality: these industries are all highly sensitive to the macroeconomic environment – in a strong economy, pawn and payday lenders struggle as consumers are flush with cash, whereas equipment finance companies face favorable conditions as business investment and expansion increases.



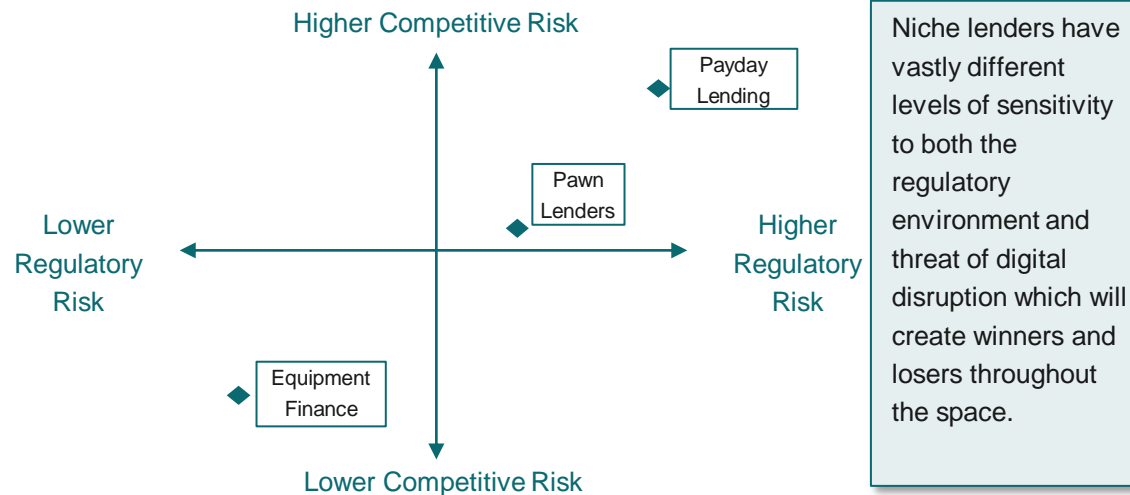
Capital Markets & Transaction Activity

Core Lenders > Alternative Lenders > Specialized / Niche Lenders

Capital Markets Overview

- Specialized and niche lenders are a disparate group of firms covering a wide swath of the market, but they share a high degree of exposure to economic circumstances, which have been driving M&A activity in the space
- COVID-19 stalled construction activity which halted equipment leasing and resulted in defaults, leaving equipment leasing firms with weak cash positions. Better capitalized equipment financing firms took advantage of the situation and acquired smaller and more distressed firms

Competitive and Regulatory Risk Landscape



Key M&A Transactions

(USD, in Millions)

Announce Date	Target	Acquiror	EV	Revenue Multiple	P/E
4/18/2022	JB&B CAPITAL COMMERCIAL LENDING	Pinnacle Bank	N/A	NA	NA
2/16/2022	Vantage Financial	Peoples Bank	\$75	NA	NA
1/25/2022	Diversified Capital Credit	TimePayment	N/A	NA	NA
1/5/2022	ENCINA EQUIPMENT FINANCE	FRANKLIN BSP LENDING CORP	N/A	NA	NA
1/5/2022	FINANCIAL CARRIER SERVICES	TBS	N/A	NA	NA
1/4/2022	ACG EQUIPMENT FINANCE	American Bank	N/A	NA	NA
12/27/2021	KEYSTONE EQUIPMENT FINANCE CORP.	COMMERCIAL CREDIT	N/A	NA	NA
10/28/2021	American First Finance	FirstCash	\$1,170	3.3x	NA



Select Transaction Profiles

Core Lenders > Alternative Lenders > Specialized/Niche Lenders

Buyer:

Target:

Date: 10/28/22



PE Multiple: N/A

FirstCash, Inc. the leading international operator of over 2,800 retail pawn stores in the U.S. and Latin America, today announced that it has entered into a definitive agreement to acquire American First Finance, Inc. a technology-driven virtual lease-to-own and retail finance provider focused on non-prime customers. The addition of American First Finance launches FirstCash into the large and growing point-of-sale and buy now pay later payment space.

Buyer:

Target:

Date: 2/16/2022



PE Multiple: N/A

Peoples Bancorp Inc. has entered into a definitive agreement to acquire Vantage Financial, LLC ("Vantage"), a nationwide provider of equipment financing headquartered in Excelsior, Minnesota. Vantage offers mid-ticket equipment leases primarily for business essential information technology equipment across a wide-array of industries and had lease assets of approximately \$147 million as of December 31, 2021.

Buyer:

Target:

Date: 1/25/22



PE Multiple: N/A

TimePayment has acquired Diversified Capital Credit Corporation, an equipment financing firm with concentrations in the Waste/Recycling, Home Care/Healthcare, Test and Measurement, Transportation, Photography, and Energy industries. DCC is largely small-ticket focused, with transaction sizes averaging \$50,000-60,000 and typical customer credit scores between 675-785. Much of their business comes from repeat customers.

Buyer:

Target:

Date: 1/4/22



PE Multiple: N/A

American Bank announced the acquisition of ACG Equipment Finance, a fully integrated direct equipment financing company headquartered in Austin, Texas which will expand its ability to deliver commercial equipment financing with the support of the strong capital and funding position of American Bank.



Market Overview

Technology Providers > Loan Servicing > Loan Management Software

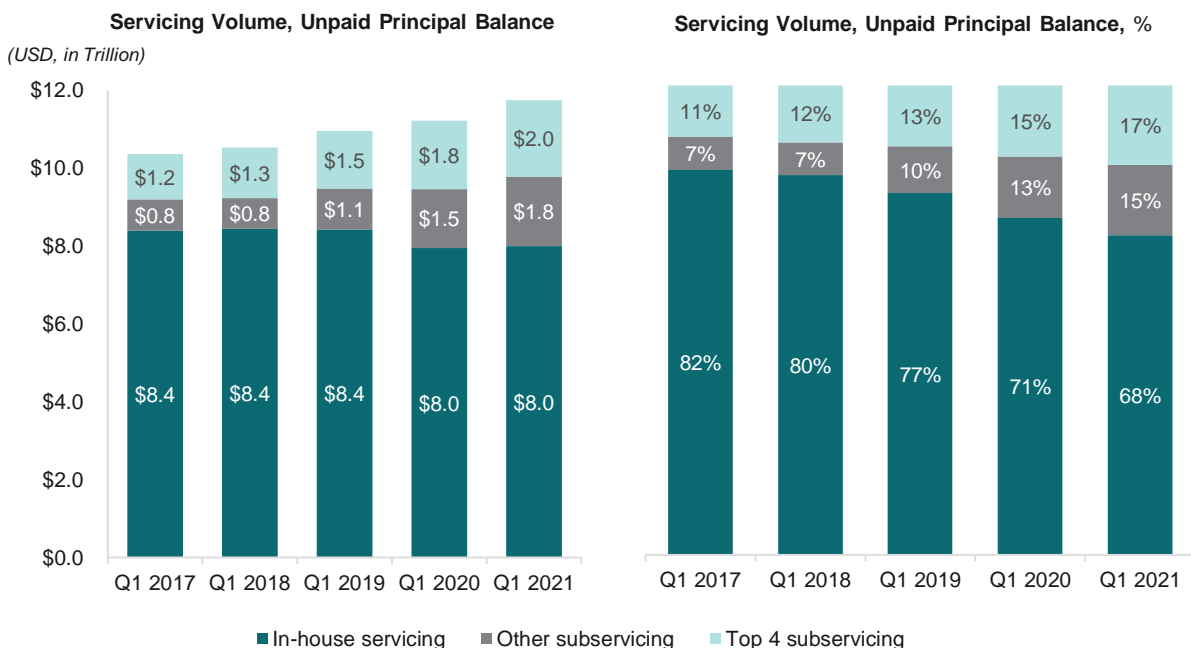
Market Activity

- A surge in homebuying as a result of the Covid-19 pandemic and a historically low interest rate environment has shone a spotlight on the American mortgage industry and tested the infrastructure behind loan servicing
- New technology platforms have allowed mortgage lenders to streamline the entire lending process from funding to collecting payments
- As a result of these innovations, the mortgage industry is expected to originate over \$2.5 trillion in loans through out the first half of this decade, representing a 40% increase in average loan value to the prior decade
- However, rising rates and increased house prices are slowing the pace of mortgage originations, but auto and personal loan volumes are still at highs, increasing the need for loan management software in areas outside mortgages

Market Trends

Convenience	Digitally-native first time home buyers are increasingly comfortable with an online loan application process, but expect a seamless end-to-end process
Speed	The influx of digital lenders has increased the importance of speed in the loan origination process, and companies that do not process loans quickly risk losing out to competitors
Smart Systems	Smart servicing platforms are enabled with technology to detect fraud and are less error prone than human workers.
Labor Costs	Legacy loan servicing processes are time and labor intensive and the tight labor market is forcing firms to optimize this process

An Industry with Strong Growth Trends



- Lenders are increasingly transitioning from in-house servicing to outsourcing, and digital-first subservicers have been the biggest beneficiaries due to the lower costs, increased efficiency, and a better end-to-end customer experience



Capital Markets & Transaction Activity

Technology Providers > Loan Servicing > Loan Management Software

Capital Markets Overview

- Acquiring new technology, new loan portfolios, and new customers have been the three major themes behind recent loan servicing M&A activity.
 - New Technology:** MVB Bank purchased a 38% interest in Warp Speed Holdings to bring loan servicing capabilities in house, announced on 3/14/22 for \$48 million
 - New Loan Portfolio:** To expand into servicing new subsets of loans, Del Toro – a provider of auto loans and retail installment loans - acquired Evergreen Escrow to move into mortgage loan servicing, announced on 7/7/21 for an undisclosed value
 - New Customers:** New York Community Bancorp acquired Flagstar Bancorp because they had a substantial loan servicing business, announced on 4/26/21 at a 4.0x LTM P/E ratio

Notable Global Loan Management Software Private Equity Investors

Financial Groups



FORTRESS



White Oak
Global Advisors, LLC

CAFFEINATED
CAPITAL

Key Portfolio Companies



CarCapital
TECHNOLOGIES



FINACITY



Peach

Key Transactions

Key M&A Transactions

(USD, in millions)

Announce Date	Target	Acquiror	EV	Revenue Multiple	P/E
3/14/22			\$48	NA	NA
8/20/21			NA	NA	NA
7/7/21			NA	NA	NA
4/26/21			\$2,586	1.5x	4.0x

Key Financing Transactions

(USD, in millions)

Announce Date	Company	Key Investors	Amount Raised	Valuation	Revenue Multiple
2/15/22			NA	NA	NA
1/11/22			\$156	NA	N/A
7/8/21			\$20	NA	N/A



Select Transaction Profiles

Technology Providers > Loan Servicing > Loan Management Software

Date: 3/14/22

Buyer:



PE Multiple: N/A

Target:



Warp Speed Holdings focuses on traditional retail and commercial lending, along with a new direct to consumer channel, and this will complement MVB's existing commercial banking franchise. The commercial platform of multi-family, healthcare, real estate and SBA lending provides an additional asset generation vehicle for MVB.

Date: 1/11/22

Buyer:



PE Multiple: N/A

Target:



Automotive FinTech company, Car Capital, has closed a \$150 million three-year secured credit facility and a \$6.1 million equity investment from funds managed by affiliates of Fortress Investment Group. This milestone transaction provides Car Capital with the debt needed to continue to expand their rapidly growing business, fund more dealers, and increase the number of underserved consumers who want to purchase a vehicle.

Car Capital Receives Debt & Equity Investment From Fortress

Date: 8/20/21

Buyer:



PE Multiple: N/A

Target:



Finacity originates, structures and places over \$100 billion in trade finance receivables yearly with over 50 leading financial institutions in asset-backed security structures. Finacity has facilitated transactions for receivables denominated in 58 currencies with obligors in more than 175 countries making it the largest non-bank trade finance platform globally.

Date: 7/8/21

Buyer:



PE Multiple: N/A

Target:



Peach Finance, a modern SaaS-based loan servicing platform, today announced that it has raised \$20 million in Series A funding. The funding will support Peach's continued expansion within the massive and growing loan management and servicing market, including through new credit product launches, customer growth initiatives and increased hiring.

Market Overview

Technology Providers > Back-Office Solutions > Legal / Compliance Software

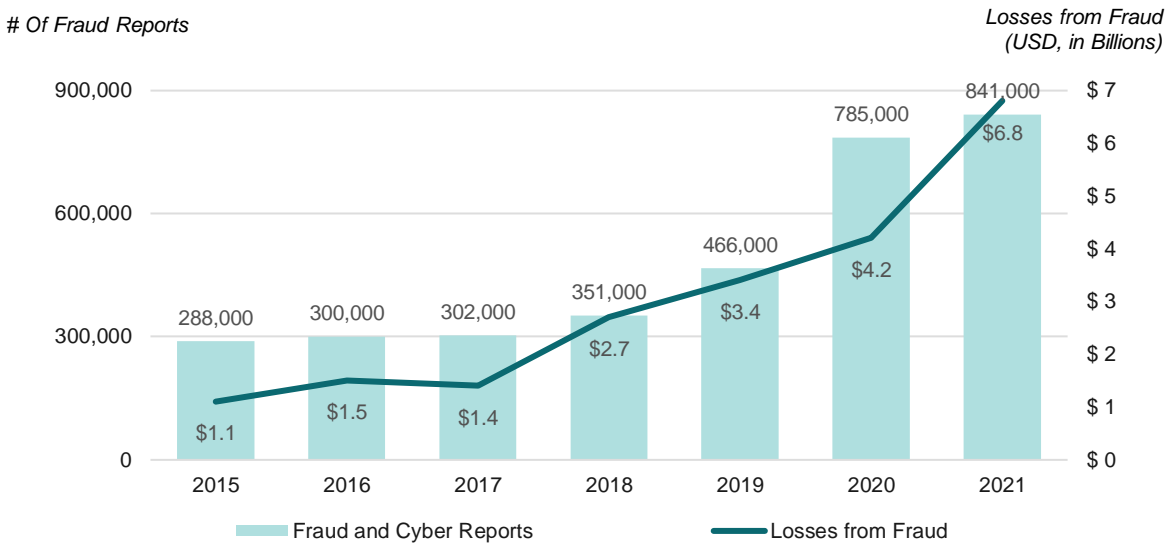
Market Activity

- Post hoc analysis of the Paycheck Protection Program (PPP) revealed that **approximately 15% of loans (\$76 billion) had tell-tale signs of fraud**
- 40% of all PPP loans originated by FinTech lenders were revealed to be fraudulent**, and FinTechs were almost five times more likely than traditional lenders to originate fraudulent loans
- Looser lending standards led to higher rates of fraud even outside PPP loans, with identity and credit card fraud **costing American consumers over \$380 million over 2020 and 2021**
- The impacts of more frequent and in-depth audits, along with the implementation of new regulations (i.e., CFPB Regulation F) to mitigate fraud has a disproportionate impact on smaller firms, since they are less likely to be able to keep up with the pace of change
- Increased regulatory requirements shifts time and money away from the core operations of the business, therefore diminishing efficiency, and this **increases the importance of regulatory solutions such as RegTech solutions providing KYC & AML services**

Market Trends

KYC & AML	Increasing levels of fraud, higher costs of fraud, as well as traditional concerns like national security continue to make KYC and AML vital capabilities for lenders of all stripes.
Regulation	Increased government regulation of the financial sector is a burden on lenders as it diverts vital resources from business operations to non-accretive avenues like regulatory and compliance activity. RegTech solutions will be an important component for lenders as they look to increase efficiency and keep costs under control, while staying compliant with the latest regulations

Incidence and Cost of Fraud Continues to Rise



Technology



Document Verification



Two Factor Authentication



Watchlist Databases



Address Validation



Facial Recognition



Capital Markets & Transaction Activity

Technology Providers > Back-Office Solutions > Legal / Compliance Software

Capital Markets Overview

- Drastically increased levels of financial fraud during the pandemic have brought an immense amount of attention and interest to the RegTech sector from firms of all sizes
- Total venture investment in the RegTech sector in 2021 was \$18.9 billion, up from \$7.8 billion in 2020 and has been **growing at CAGR 73.2% since 2017**
- Lacework's \$1.3 billion Series D round on 11/12/21 was the first >\$1 billion round ever in the RegTech industry and five other transactions around \$500 million eclipsed previous records in the sector
- Traditional lenders are engaging in venture investments in RegTech
- Top technologies involved in transactions have been **Cybersecurity / Information Security, KYC / AML / CDD, and ID Verification**

Prolific Legal & Compliance Software VC Investors

Financial Groups



Key Portfolio Companies



Key Transactions

Key M&A Transactions

(USD, in millions)

Announce Date	Target	Acquiror	EV	Revenue Multiple	EBITDA Multiple
4/5/22	GDC™	London Stock Exchange	N/A	N/A	N/A
1/20/22	Cognito	PLAID	\$250	N/A	N/A
8/31/21	Journey	AVAYA	N/A	N/A	N/A
9/11/20	AM RIGHTSOURCE	GRIDIRON	\$427	N/A	N/A

Key Financing Transactions

(USD, in millions)

Announce Date	Company	Key Investors	Valuation	Round Size
2/28/22	verify	Wellfield	N/A	N/A
1/10/22	Dataminr®	MSD	\$4,125	\$500
12/15/21	sysdig	Accel BainCapital	\$2,500	\$350
11/12/21	Lacework™	ALTIMETER CAPITAL	\$8,300	\$1,300



Select Transaction Profiles

Technology Providers > Back-Office Solutions > Legal / Compliance Software

Date: 1/20/22

Buyer:



Target:



PE Multiple: N/A

Open banking giant Plaid has acquired identity verification and compliance platform Cognito in a deal reported to be worth around \$250 million. Cognito's technology is used by hundreds of digital finance firms to simply and safely verify users while ensuring KYC and AML compliance.

Date: 1/10/22

Buyer:



Target:



PE Multiple: N/A

Snyk raised \$530 million of Series F venture funding in a deal led by Tiger Global Management and Sands Capital on September 9, 2021, putting the company's pre-money valuation at \$8.17 billion. An undisclosed amount was then raised on January 10, 2022 from Boldstart Ventures and Nelstone Ventures.

Date: 11/12/21

Buyer:



Target:



PE Multiple: N/A

Lacework, the data-driven security platform for the cloud, today announced it has raised \$1.3 billion in growth funding at a valuation of \$8.3 billion. With this capital, which is the largest funding round in security industry history, Lacework will continue to invest in rapidly scaling its business globally, building on recent momentum of more than 3x year-over-year revenue growth.

Date: 11/12/21

Buyer:



Target:



PE Multiple: N/A

Dataminr raised \$475 million of Series F venture funding from KI Capital, Valor Equity Partners, and Lurra Capital on January 10, 2022, putting the company's pre-money valuation at \$3.63 billion. The funds will be used to accelerate the growth of its corporate business line, which spans physical safety and security, reputation risk and crisis management, business intelligence, and cyber threat detection

Market Overview

Data Solutions & Service Providers > Credit Rating Agencies

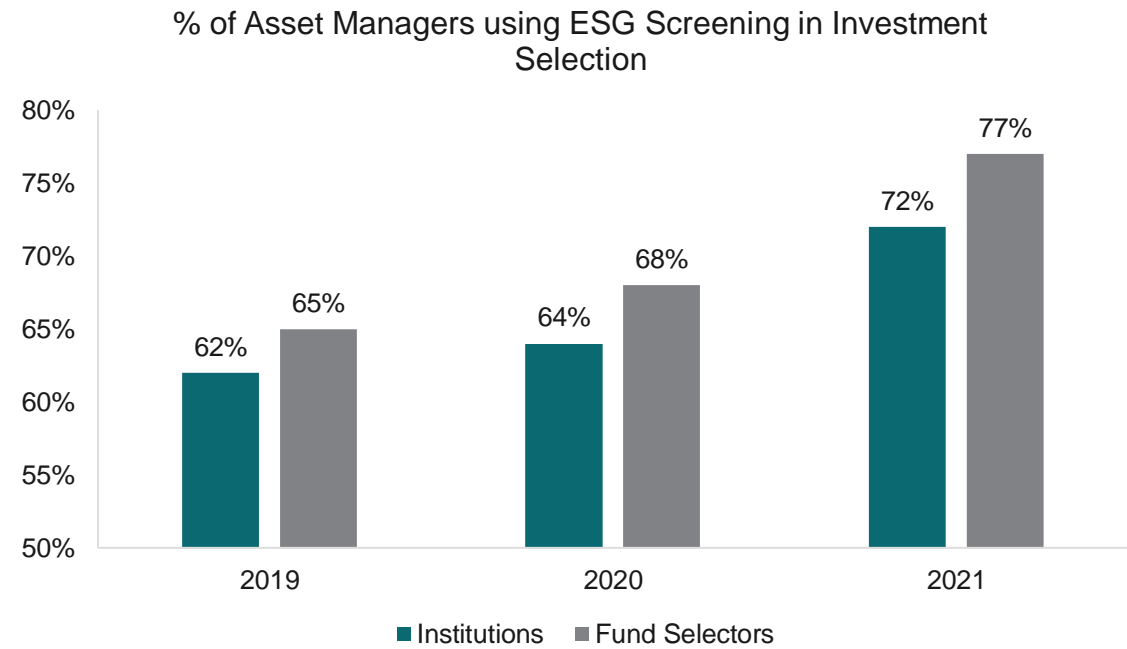
Market Activity

- The credit rating agency industry is highly concentrated with three firms, Standard & Poor's, Moody's Investor Services, and Fitch Ratings **accounting for 95% of the global market**, with Standard & Poor's and Moody's Investor Services both accounting for around 40% each
- These three firms enjoy a wide and growing moat due to their long track records and the importance of reputation and trust in such an industry
- Credit rating agencies have accumulated **vast amounts of data over the years allowing them to explore "big data" applications** enabled by new technologies like AI/ML
- Perceived financial risk factors like **ESG-related risk have become more relevant**, creating an opening for new entrants who leverage this data to develop more robust and sophisticated models
- This follows a trend of incorporating additional data points from various sources to assess credit risk. Examples include utility payment history and employment history for consumers, and bank statements, quality of customers and any IP / industry recognition for businesses

Market Trends

New Risks	The risks that ESG-related issues pose to corporations (i.e. the effects of climate change) are increasingly being understood by underwriters and investors as important parts of their due diligence.
New Products	Assisted by new technologies like AI and ML applied to their large datasets, can provide unrivaled insights, further strengthening their moat

ESG Data is Becoming More Prevalent for Investment Decisions



- As investors become more socially conscious and environmental risks are having direct impacts on businesses, the importance of accounting for ESG risk when determining a company's credit risk has only grown
 - **More than 75% of asset managers now use ESG as a factor in their investment criteria**, emphasizing the massive market opportunity for credit rating agencies who have comprehensive ratings systems that incorporate ESG risk

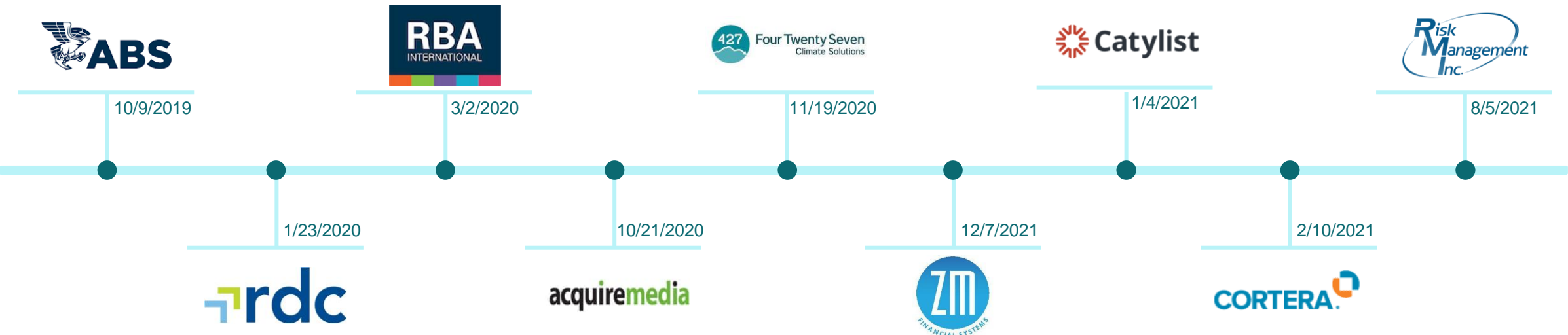
Capital Markets & Transaction Activity

Data Solutions & Service Providers > Credit Rating Agencies

Capital Markets Overview

- The Credit Ratings Agency industry is dominated by three major players: S&P, Fitch, and Moody's, and they represent most of the M&A activity in the space
- Since the industry is mature, credit rating agencies have been expanding their offerings into new verticals that focus on alternative types of risks and analytics
- By acquiring companies that produce, compile, and store alternative data about private and public businesses, these credit rating agencies have also been able to build enhanced data sets
- Moody's has enhanced their ratings system by consistently acquiring companies with alternative data solutions, such as their acquisition of Four Twenty Seven to incorporate climate risk into their model

Moody's Acquisition Timeline



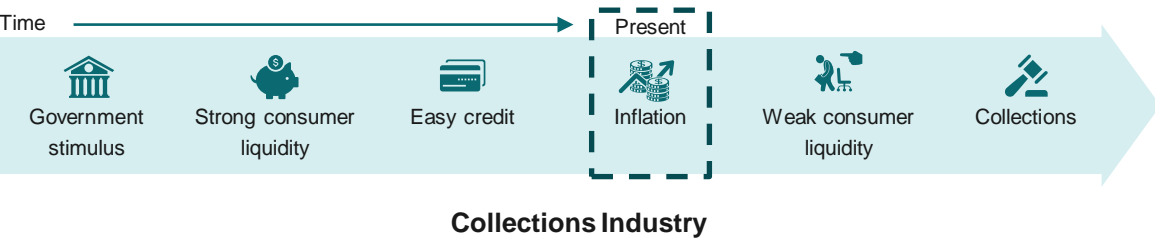
Market Overview

Data & Service Providers > Collections Agencies > Consumer Collections

Market Activity

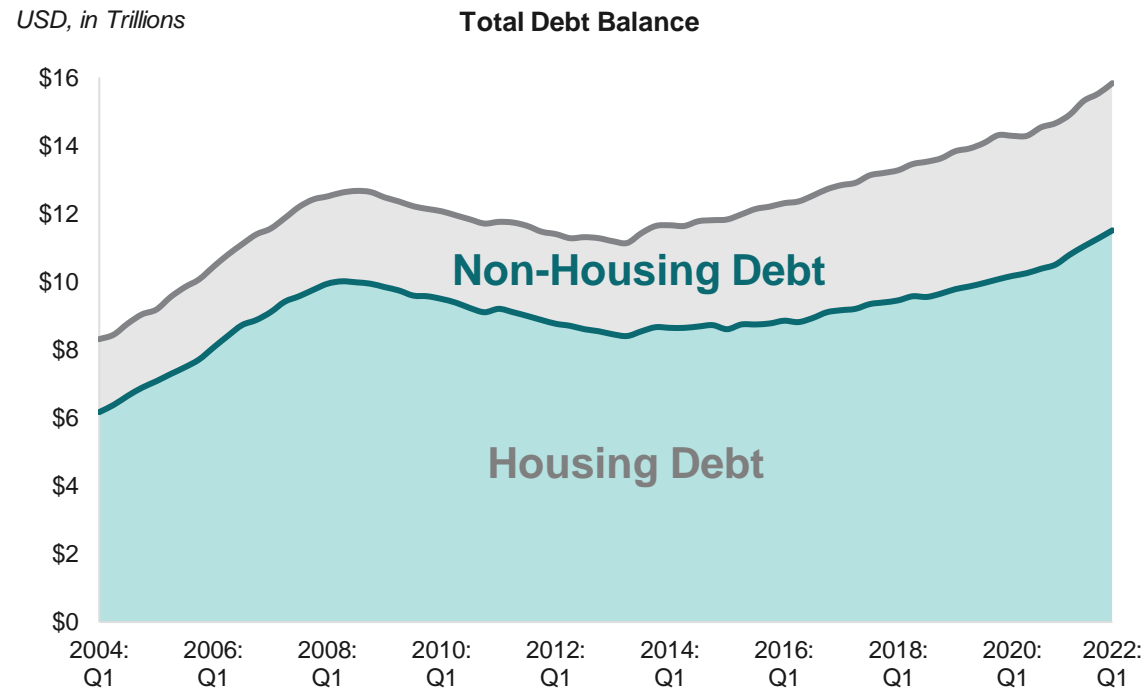
- The collections industry in the U.S. generates about \$15 billion in revenue but is extremely fragmented, suffers from a poor reputation, and is heavily burdened by government regulation
- **There are over 3,200 individual collections agencies in the United States with the average office generating around \$4mm in annual revenue**
- Smaller firms have struggled with profitability as they have been forced to invest in new technologies to remain competitive while being burdened by increased regulatory costs. This has led to consolidation in the space as larger players capable of absorbing these costs have acquired smaller firms. As a result, **the top five firms made up 24% of total industry revenues in 2021, representing a year-over-year increase of 6.8%**

Effects of COVID-19 on Industry



Due to government stimulus and lifestyle changes associated with the pandemic, consumers paid down debt in an unprecedented manner. Consumer liquidity has already reverted toward the mean and the effects of easy credit and inflation are likely to benefit the collections industry in the near future

Americans are Steadily Increasing Debt





Capital Markets & Transaction Activity

Data & Service Providers > Collections Agencies > Consumer Collections

Capital Markets Overview

- The **burden of new regulation and the increasing cost of technology** required for compliance have put pressure on smaller firms
- The industry continues to consolidate as regulatory burdens have increased
- Pandemic-related disruptions to the usual collections cycle have been the key drivers** behind M&A activity in the extremely fragmented collections industry
- Transactions like Transworld System's acquisition of EOS North America and Complete Recovery Corporation's acquisition of Prince Parker & Associates highlight **the consolidation happening in the industry to become more competitive**

Prolific Consumer Collections Private Equity Investors

Financial Groups



Key Portfolio Companies



Key M&A Transactions

Announce Date	Target	Acquiror	EV	Revenue Multiple	EBITDA Multiple
3/9/2022			NA	NA	NA
2/15/2022			NA	NA	NA
12/30/2021			\$53	0.7x	NA
12/16/2021			NA	NA	NA
12/16/2021			\$33	3.0x	7.2x
5/22/2020			\$85	4.2x	10.5x
6/14/2019			NA	NA	NA



Evolve

Capital Partners

Source(s): Globe Newswire, Transunion, Business Standard, Market Research USA

Select Transaction Profiles

Data & Service Providers > Collections Agencies > Consumer Collections

Date: 3/1/22

Buyer:

completeRECOVERY

Target:

PRINCE PARKER

PE Multiple: N/A

Charting an aggressive growth trajectory, Complete Recovery Corporation (Complete Recovery) a leading asset recovery service provider, on March 1st acquired Prince Parker & Associates, Inc. (Prince Parker) who provides accounts receivable services in the healthcare industry. Now businesses in multiple industries can tap into established expertise for outsourced accounts receivables.

Date: 2/15/22

Buyer:

esc

Target:

UPLevel

PE Multiple: N/A

ESC Corporate Services acquired the group of companies operating as UPLlevel. The acquisition expands ESC’s leading role in the Canadian collections market and augments its credit life-cycle product suite by adding early and late-stage collections. UPLlevel’s impressive client list and ESC’s broad core product offerings will also provide revenue synergy opportunities.

Date: 12/30/21

Buyer:

firstsource

Target:

ARS
AMERICAN RECOVERY SERVICE
A Patrick K. Willis Company

PE Multiple: 0.7x

Firstsource Solutions a global provider of business process management services announced it has entered into an agreement to acquire American Recovery Services, Inc. (ARSI), a nationwide legal collections network headquartered in Southern California. The acquisition enhances Firstsource’s leadership in consumer debt management services by adding legal stage collections capabilities.

Date: 12/16/21

Buyer:

tsi

Target:

EOS

PE Multiple: N/A

Transworld Systems Inc., the largest U.S. technology-enabled provider of accounts receivable management solutions, announced today it has completed its acquisition of EOS North America, a leading first- and third-party collection agency serving government, financial services, healthcare, telecom and utility clients in the United States and Canada.

Market Overview

Data Providers > Business Process Outsourcing > Customer Service & IT Outsourcing

Market Activity

- Approximately 60% of businesses outsource functions like finance, HR, or customer support and the benefit is twofold: average process speed increases 35% and labor costs can decrease as much as 70%. In addition to handling time-consuming tasks, BPO firms provide additional benefits like “big data” insights that clients can use to retool processes and make other managerial decisions

PAIN POINT	SOLUTION
Rising Labor Costs	The tight labor market is driving wages higher, incentivizing outsourcing of nonproductive tasks.
Quality of data input	Underwriting functions are time-consuming, but accuracy cannot be compromised.
Off-business hours support	24/7 customer service complements the convenience of digital platforms.
Burden of compliance	Increasing regulation on lenders results in more time dedicated to compliance/regulatory functions
Scalability	BPO functions can relieve compliance bottlenecks that prevent FinTech lenders from scaling.

U.S. Wage Inflation Incentivizing Outsourcing

Average Hourly Rate for Software Development



- A recent Deloitte survey found that over 60% of businesses outsource services primarily to cut costs, and higher wage inflation in the U.S. will only further increase the wage gap and increase demand for outsourcing services

Capital Markets & Transaction Activity

Data Providers > Business Process Outsourcing > Customer Service & IT Outsourcing

Capital Markets Overview

- As labor costs have increased, BPO companies have become a key tool that businesses use to lower their operating costs. **Larger firms with more complex needs have turned to M&A to bring BPO technology in house**
- The BPO industry has also **attracted a lot of interest from financial buyers**. PE firms see strong, stable revenues and have a healthy growth outlook in the sector
- The BPO market will experience a CAGR of 7.9% between 2022 and 2029**, with the market reaching \$422.6 billion in 2029, due to business needs for agility and improved efficiency as primary factors driving that growth
- Sector-specific BPO firms in insurance and health-care are popular for both strategic and financial buyers

Prolific Consumer Collections Private Equity Investors

Financial Groups

Key Portfolio Companies

Key M&A Transactions

(USD, in Millions)

Announce Date	Target	Acquiror	EV	EV / Revenue	EV / EBITDA
4/26/2022			N/A	N/A	N/A
4/19/2022			\$14	N/A	N/A
2/24/2022			N/A	N/A	N/A
12/20/2021			\$450	0.6x	4.3x
12/13/2021			N/A	N/A	N/A
10/28/2021			N/A	N/A	N/A
10/7/2021			N/A	N/A	N/A
9/9/2021			N/A	N/A	N/A
8/23/2021			N/A	N/A	N/A
7/7/2021			N/A	N/A	N/A



Select Transaction Profiles

Data Providers > Business Process Outsourcing > Customer Service & IT Outsourcing

Date: 4/26/22

Buyer:



Target:

KOFAX

PE Multiple: N/A

Clearlake Capital will acquire Kofax, a provider of intelligent automation software to facilitate digital workflow transformations. Kofax provides software solutions and backend operations technology contributing its leadership position in the automation software market.

Date: 2/24/22

Buyer:



Target:

LTCG

PE Multiple: N/A

Illumifin, a leading insurance third-party administration and software provider, today announced it has signed a definitive agreement to acquire LTCG, a leading provider of administrative solutions and clinical services to the long-term care ("LTC") insurance industry. The strategic acquisition will make illumifin one of the largest insurance third-party administrators in the country.

Date: 12/20/21

Buyer:



Target:



PE Multiple: NA

Capital Square Partners is a private equity fund manager based in Singapore. StarTek is a business process outsourcing service provider delivering comprehensive contact center and customer engagement solutions.

Date: 12/10/21

Buyer:



Target:



PE Multiple: N/A

Kelso & Company, a middle market private equity firm, has completed an investment in ReSource Pro, taking a majority interest in the company. ReSource Pro is a market leader in business process solutions for the P&C insurance industry.



Evolve

Capital Partners

Source(s): LTCG, Clearlake Capital, Capital Square, Kelso, PRNewswire, Globe Newswire

Appendix





Core Lending Services Market Overview

Public Comparable Companies (1/2)

FinTech / Alternative Lenders

(All figures in millions of USD, except per share data. Data as of July 26, 2022)

Company Information		Market Data				Operating Performance						Valuation Multiples					
	Stock Price	% of 52-Wk. High	Market Value	Total Assets	LTM		Growth Rates:					P / TBV			P / E		
					Revenue	Earnings*	Revenue:		Earnings:		LTM ROE %	LTM	CY 2022	CY 2023	LTM	CY 2022	CY 2023
							CY 2022	CY 2023	CY 2022	CY 2023							
Nu Holdings Ltd.	\$3.79	31.0%	\$17,673	\$24,258	\$1,037	(\$115)	NM	45%	NM	NM	(6%)	4.1x	3.9x	3.7x	NM	NM	46.4x
Synchrony Financial	\$31.75	60.5%	\$15,296	\$95,200	\$9,051	\$3,094	20%	12%	(32%)	(12%)	27%	1.6x	1.1x	1.0x	4.9x	5.3x	6.1x
Ally Financial Inc.	\$31.79	56.5%	\$10,270	\$185,703	\$8,461	\$2,093	(1%)	4%	(24%)	(14%)	16%	0.9x	0.7x	0.7x	4.9x	4.4x	5.1x
Affirm Holdings, Inc.	\$23.10	13.1%	\$6,617	\$7,032	\$1,247	(\$397)	40%	44%	NM	NM	(25%)	3.4x	NA	NA	NM	NM	NM
SoFi Technologies, Inc.	\$6.14	24.9%	\$5,662	\$12,247	\$1,099	(\$233)	53%	39%	NM	NM	(10%)	1.8x	1.1x	1.1x	NM	NM	NM
LendingClub Corporation	\$14.24	28.9%	\$1,455	\$5,574	\$1,062	\$72	36%	21%	NM	17%	13%	2.0x	1.5x	1.2x	20.3x	8.8x	7.6x
Enova International, Inc.	\$32.80	68.5%	\$1,094	\$3,047	\$976	\$188	78%	21%	(16%)	21%	22%	1.4x	NA	NA	5.8x	5.1x	4.2x
MoneyLion Inc.	\$1.39	12.3%	\$328	\$809	\$191	(\$73)	116%	66%	NM	NM	(47%)	NM	NA	NA	NM	NM	13.0x
Oportun Financial Corporation	\$8.98	32.1%	\$295	\$2,993	\$658	\$90	60%	28%	79%	14%	16%	0.7x	0.5x	0.4x	3.3x	3.5x	3.0x
	MEAN						50%	31%	2%	5%	1%	2.0x	1.5x	1.3x	7.8x	5.4x	12.2x
	MEDIAN						47%	28%	(20%)	14%	13%	1.7x	1.1x	1.1x	4.9x	5.1x	6.1x

* Earnings refer to Net Normalized Income

LTM = Latest Twelve Months

P / TBV = Market Value / Tangible Book Value

NM = Not Meaningful



Core Lending Services Market Overview

Public Comparable Companies (2/2)

Specialized / Niche Lenders

(All figures in millions of USD, except per share data. Data as of July 26, 2022)

Company Information		Market Data				Operating Performance							Valuation Multiples					
	Stock Price	% of 52-Wk. High	Market Value	Total Assets	LTM		Growth Rates:					LTM P / TBV	P / E					
					Revenue	Earnings*	Revenue:		Earnings:		ROE %		LTM	CY 2022	CY 2023	LTM	CY 2022	CY 2023
							CY 2022	CY 2023	CY 2022	CY 2023								
Mitsubishi HC Capital Inc.	\$4.74	99.5%	\$6,831	\$85,057	\$14,539	\$587	1%	5%	NM	NM	9%	0.9x	NA	NA	11.6x	NA	NA	
United Rentals, Inc.	\$276.21	66.6%	\$19,780	\$20,169	\$10,183	\$1,325	16%	6%	70%	8%	29%	NM	2.8x	2.2x	14.9x	9.7x	9.0x	
Triton International Limited	\$58.44	80.8%	\$3,753	\$12,535	\$1,748	\$482	0%	1%	52%	(7%)	20%	1.7x	1.4x	1.2x	7.8x	5.5x	6.0x	
Textainer Group Holdings Limited	\$31.10	74.2%	\$1,493	\$7,780	\$886	\$195	(1%)	2%	53%	3%	19%	0.9x	0.8x	0.7x	7.7x	5.3x	5.1x	
FirstCash Holdings, Inc	\$64.66	66.6%	\$3,069	\$3,743	\$1,951	\$99	61%	7%	124%	28%	8%	NM	NA	NA	31.1x	13.3x	10.4x	
Air Lease Corporation	\$34.48	67.6%	\$3,822	\$26,875	\$2,210	\$399	14%	17%	83%	24%	(2%)	0.6x	0.6x	0.5x	9.6x	6.2x	5.0x	
Credit Acceptance Corporation	\$540.92	76.9%	\$7,310	\$7,038	\$1,693	\$801	6%	2%	(9%)	(6%)	49%	4.7x	4.3x	3.6x	9.1x	10.2x	10.9x	
Rent-A-Center, Inc.	\$21.09	31.1%	\$1,247	\$2,777	\$4,706	\$106	(2%)	5%	73%	19%	14%	NM	2.1x	1.6x	11.8x	4.6x	3.9x	
H&E Equipment Services, Inc.	\$30.32	59.8%	\$1,084	\$2,123	\$1,095	\$58	13%	10%	98%	20%	28%	4.8x	2.9x	2.5x	18.7x	11.7x	9.8x	
Chesswood Group Limited	\$9.12	77.0%	\$161	\$1,641	\$92	\$17	146%	26%	NM	NM	16%	1.9x	1.1x	0.9x	9.7x	NA	NA	
PROG Holdings, Inc.	\$16.41	32.3%	\$887	\$1,573	\$2,667	\$264	(2%)	7%	(52%)	28%	23%	4.6x	NA	NA	3.4x	6.5x	5.1x	
EZCORP, Inc.	\$7.42	84.3%	\$420	\$1,300	\$803	\$28	9%	NA	96%	NM	4%	1.3x	NA	NA	14.8x	10.4x	NA	
World Acceptance Corporation	\$117.17	44.1%	\$671	\$1,218	\$583	\$41	16%	14%	(27%)	(4%)	14%	2.0x	NA	NA	16.3x	14.6x	15.1x	
Alta Equipment Group Inc.	\$10.68	61.4%	\$347	\$1,031	\$1,276	(\$1)	18%	7%	NM	NM	(11%)	7.3x	NA	NA	NM	NA	80.6x	
COG Financial Services Limited	\$1.19	93.5%	\$230	\$345	\$216	\$9	8%	5%	99%	13%	12%	6.3x	NA	NA	24.7x	12.4x	11.0x	
H&T Group plc	\$4.74	93.2%	\$189	\$230	\$165	\$8	10%	13%	80%	27%	4%	1.4x	1.1x	1.0x	22.4x	12.4x	9.8x	
	MEAN						20%	8%	57%	13%	15%	3.0x	1.9x	1.6x		9.4x	14.0x	
	MEDIAN						10%	7%	73%	16%	14%	3.1x	1.4x	1.2x		10.2x	9.8x	

* Earnings refer to Net Normalized Income

LTM = Latest Twelve Months

P / TBV = Market Value / Tangible Book Value

NM = Not Meaningful



Technology Providers Market Overview

Public Comparable Companies (1/2)

Loan Management Software

(All figures in millions of USD, except per share data. Data as of July 26, 2022)

Company Information	Market Data				Operating Performance						Valuation Multiples					
	Stock Price	% of 52-Wk. High	Market Value	Enterprise Value	LTM		Growth Rates:		LTM Margins:		EV / Revenue			EV / EBITDA		
					Revenue	EBITDA	Revenue:		Gross	EBITDA	LTM	CY 2022	CY 2023	LTM	CY 2022	CY 2023
							CY 2022	CY 2023								
Fiserv, Inc.	\$102.22	85.3%	\$66,074	\$87,567	\$17,008	\$5,937	2%	7%	51%	35%	5.1x	5.3x	4.9x	14.7x	12.2x	11.3x
Black Knight, Inc.	\$64.10	76.1%	\$9,902	\$12,681	\$1,513	\$526	8%	8%	46%	35%	8.4x	7.9x	7.4x	24.1x	16.1x	14.7x
Ocwen Financial Corporation	\$33.26	79.3%	\$308	\$11,014	\$1,074	\$487	(3%)	9%	91%	45%	10.3x	10.9x	9.9x	22.6x	NA	NA
Mr. Cooper Group Inc.	\$40.45	77.3%	\$2,990	\$10,980	\$3,111	\$1,634	(29%)	(9%)	100%	53%	3.5x	4.7x	5.1x	6.7x	14.8x	11.5x
UWM Holdings Corporation	\$3.48	43.8%	\$322	\$8,781	\$2,962	\$1,518	(40%)	(6%)	100%	51%	3.0x	4.1x	4.4x	5.8x	11.3x	6.6x
nCino, Inc.	\$30.12	37.9%	\$3,319	\$3,291	\$306	(\$55)	47%	26%	59%	(18%)	10.8x	8.2x	6.5x	NM	NM	NM
Q2 Holdings, Inc.	\$40.94	38.8%	\$2,342	\$2,666	\$516	(\$46)	16%	19%	45%	(9%)	5.2x	4.6x	3.9x	NM	62.1x	40.4x
MEAN							0%	8%	70%	27%	6.6x	6.5x	6.0x	14.8x	23.3x	16.9x
MEDIAN							2%	8%	59%	35%	5.2x	5.3x	5.1x	14.7x	14.8x	11.5x

LTM = Latest Twelve Months

Enterprise Value = (Market Value) + (Debt + Preferred Stock + Minority Interest) - (Cash & Equivalents)

EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization

NM = Not Meaningful



Technology Providers Market Overview

Public Comparable Companies (2/2)

Legal & Compliance Software

(All figures in millions of USD, except per share data. Data as of July 26, 2022)

Company Information	Market Data				Operating Performance						Valuation Multiples					
	Stock Price	% of 52-Wk. High	Market Value	Enterprise Value	LTM		Growth Rates:		LTM Margins:		EV / Revenue			EV / EBITDA		
					Revenue	EBITDA	CY 2022	CY 2023	Gross	EBITDA	LTM	CY 2022	CY 2023	LTM	CY 2022	CY 2023
CDW Corporation	\$170.10	81.5%	\$22,983	\$29,950	\$21,932	\$1,754	12%	6%	18%	8%	1.4x	1.2x	1.2x	17.1x	14.1x	13.3x
Workiva Inc.	\$60.09	34.7%	\$3,129	\$2,982	\$469	(\$35)	14%	19%	76%	(7%)	6.4x	5.6x	4.7x	NM	NM	NM
Conduent Incorporated	\$4.48	59.7%	\$966	\$2,073	\$4,079	\$376	(4%)	1%	24%	9%	0.5x	0.5x	0.5x	5.5x	5.2x	4.9x
GB Group plc	\$5.44	46.4%	\$1,372	\$1,503	\$319	\$56	43%	(14%)	71%	18%	4.7x	3.3x	3.8x	26.8x	17.2x	15.0x
CS Disco, Inc.	\$23.35	33.6%	\$1,369	\$1,131	\$128	(\$32)	19%	31%	73%	(25%)	8.9x	7.4x	5.7x	NM	NM	NM
MEAN							16%	3%	47%	7%	3.2x	2.7x	2.5x	16.5x	12.2x	11.0x
MEDIAN							13%	3%	47%	9%	3.0x	2.3x	2.5x	17.1x	14.1x	13.3x

LTM = Latest Twelve Months

Enterprise Value = (Market Value) + (Debt + Preferred Stock + Minority Interest) - (Cash & Equivalents)

EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization

NM = Not Meaningful



Data Solutions & Service Providers Market Overview

Public Comparable Companies (1/2)

Credit Rating Agencies

(All figures in millions of USD, except per share data. Data as of July 26, 2022)

Company Information	Market Data				Operating Performance						Valuation Multiples					
	Stock Price	% of 52-Wk. High	Market Value	Enterprise Value	LTM		Growth Rates:		LTM Margins:		EV / Revenue			EV / EBITDA		
					Revenue	EBITDA	CY 2022	CY 2023	Gross	EBITDA	LTM	CY 2022	CY 2023	LTM	CY 2022	CY 2023
Moody's Corporation	\$286.57	70.2%	\$52,797	\$59,462	\$5,968	\$2,692	(100%)	NA	72%	45%	10.0x	NA	NA	22.1x	NA	NA
S&P Global Inc.	\$356.12	73.5%	\$121,045	\$132,438	\$8,670	\$4,535	41%	9%	72%	52%	15.3x	10.8x	10.0x	29.2x	22.4x	19.4x
	MEAN						(29%)	9%	72%	49%	12.6x	10.8x	10.0x	25.6x	22.4x	19.4x
	MEDIAN						(29%)	9%	72%	49%	12.6x	10.8x	10.0x	25.6x	22.4x	19.4x

Consumer Collection Agencies

COFACE SA	\$10.31	77.2%	\$1,539	\$4,603	\$1,839	\$356	(7%)	5%	65%	19%	2.5x	2.7x	2.6x	12.9x	NA	NA
Encore Capital Group, Inc.	\$71.39	98.2%	\$1,732	\$4,514	\$1,697	\$780	(10%)	(9%)	100%	46%	2.7x	3.0x	3.3x	5.8x	7.0x	9.1x
PRA Group, Inc.	\$39.46	77.4%	\$1,570	\$4,117	\$1,047	\$351	(10%)	2%	100%	34%	3.9x	4.4x	4.3x	11.7x	15.1x	13.6x
Firstsource Solutions Limited	\$1.36	48.7%	\$928	\$1,131	\$780	\$106	2%	12%	32%	14%	1.4x	1.4x	1.3x	10.7x	9.3x	8.1x
	MEAN						(6%)	2%	74%	28%	2.6x	2.9x	2.9x	10.3x	10.5x	10.3x
	MEDIAN						(8%)	3%	83%	26%	2.6x	2.8x	2.9x	11.2x	9.3x	9.1x

LTM = Latest Twelve Months

Enterprise Value = (Market Value) + (Debt + Preferred Stock + Minority Interest) - (Cash & Equivalents)

EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization

NM = Not Meaningful



Data Solutions & Service Providers Market Overview

Public Comparable Companies (2/2)

Customer Services & IT Outsourcing

(All figures in millions of USD, except per share data. Data as of July 26, 2022)

Company Information	Market Data				Operating Performance						Valuation Multiples					
	Stock Price	% of 52-Wk. High	Market Value	Enterprise Value	LTM		Growth Rates:		LTM Margins:		EV / Revenue			EV / EBITDA		
					Revenue	EBITDA	Revenue:		Gross	EBITDA	LTM	CY 2022	CY 2023	LTM	CY 2022	CY 2023
Accenture plc	\$285.18	68.3%	\$180,390	\$177,793	\$59,590	\$10,043	5%	9%	32%	17%	3.0x	2.8x	2.6x	17.7x	15.3x	14.0x
Tata Consultancy Services Limited	\$39.04	77.1%	\$142,839	\$138,829	\$25,197	\$6,609	6%	11%	43%	26%	5.5x	5.2x	4.6x	21.0x	19.5x	17.8x
Infosys Limited	\$17.91	67.9%	\$76,259	\$74,298	\$16,973	\$4,152	3%	11%	31%	24%	4.4x	4.2x	3.8x	17.9x	17.3x	15.6x
HCL Technologies Limited	\$11.44	66.3%	\$30,985	\$29,942	\$11,786	\$2,599	2%	11%	37%	22%	2.5x	2.5x	2.3x	11.5x	11.1x	10.4x
TELUS Corporation	\$22.41	81.5%	\$30,971	\$47,829	\$13,674	\$3,850	3%	8%	36%	28%	3.5x	3.4x	3.1x	12.4x	9.3x	8.6x
Wipro Limited	\$4.97	49.9%	\$27,831	\$26,448	\$10,424	\$1,986	5%	11%	29%	19%	2.5x	2.4x	2.2x	13.3x	12.1x	11.0x
CGI Inc.	\$83.04	88.4%	\$19,746	\$21,842	\$9,924	\$1,749	1%	3%	31%	18%	2.2x	2.2x	2.1x	12.5x	10.8x	10.3x
Tech Mahindra Limited	\$12.52	54.4%	\$10,999	\$10,351	\$5,968	\$937	8%	13%	33%	16%	1.7x	1.6x	1.4x	11.0x	9.9x	9.0x
Genpact Limited	\$45.69	84.6%	\$8,459	\$9,813	\$4,145	\$667	6%	9%	35%	16%	2.4x	2.2x	2.0x	14.7x	12.4x	10.9x
Concentrix Corporation	\$128.97	61.9%	\$6,608	\$9,228	\$5,968	\$887	7%	8%	35%	15%	1.5x	1.4x	1.3x	10.4x	8.9x	8.1x
MEAN							5%	9%	34%	20%	3.6x	3.4x	3.1x	15.6x	14.1x	12.9x
MEDIAN							5%	10%	34%	18%	3.2x	3.1x	2.9x	15.5x	13.7x	12.5x

LTM = Latest Twelve Months

Enterprise Value = (Market Value) + (Debt + Preferred Stock + Minority Interest) - (Cash & Equivalents)

EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization

NMF = Not Meaningful

Disclaimer

The principals of Evolve Capital Partners are registered representative of BA Securities, LLC Member FINRA SIPC, located at Four Tower Bridge, 200 Barr Harbor Drive, Suite 400 W. Conshohocken, PA 19428. Evolve Capital Partners and BA securities, LLC are unaffiliated entities. All investment banking services are offered through BA Securities, LLC, Member FINRA SIPC. This presentation is for informational purposes only and does not constitute an offer, invitation or recommendation to buy, sell, subscribe for or issue any securities or a solicitation of any such offer or invitation and shall not form the basis of any contract with BA Securities, LLC.

The information in this presentation is based upon Evolve Capital Partners estimates and reflects prevailing conditions and our views as of this date, all of which are accordingly subject to change. In preparing this presentation, we have relied upon and assumed, without independent verification, the accuracy and completeness of information available from public sources. In addition, our analyses are not and do not purport to be appraisals of the assets, stock, or business of the Company or any other entity. Neither BA Securities, LLC nor Evolve Capital Partners makes any representations as to the actual value which may be received in connection with a transaction nor the legal, tax or accounting effects of consummating a transaction. BA Securities, LLC and Evolve Capital Partners do not render legal or tax advice, and the information contained in this communication should not be regarded as such.

The information in this presentation does not take into account the effects of a possible transaction or transactions involving an actual or potential change of control, which may have significant valuation and other effects.

The information in this presentation is confidential.

If you are not the intended recipient or an authorized representative of the intended recipient, you are hereby notified that any review, dissemination or copying of this presentation is prohibited.